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THE WAR REVENUE ACT

THE war revenue act of October 3, 1917, possesses the distinction of being the most gigantic fiscal enactment in history. Never before has an endeavor been made to provide in a single measure for so colossal a revenue as is sought to be obtained by this law. In the following pages we shall attempt, after a short historical introduction, to give a summary of its principal features, an estimate of the tax burden involved, a statement of its probable distribution, and an interpretation of the novel and significant contributions made by the measure to public finance.

I

Historical Retrospect

The history of our war finance begins with the emergency-revenue law enacted shortly after the outbreak of the conflict and two and one-half years before our entrance into the war.

This history, however, can not be understood unless we remember the change in the theory of federal revenue that had occurred in the preceding five years. From the early seventies of the last century, when the country had settled down after the fiscal upheaval occasioned by the Civil War, the federal income had been derived from customs and internal revenue taxes levied almost exclusively on liquors and tobacco. In 1909 this complete reliance upon indirect taxes was altered by a tax on corporations, called an excise tax in order to bring it safely within the constitutional inhibition. After the passage of the Sixteenth Amendment, however, the corporation tax was merged in 1913 into the general income tax, which now marked the

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definitive adoption of direct taxation as a regular part of the national revenue. Recent events have only served to confirm the wisdom of those who argued that, from the point of view of possible warfare alone, it would be the height of folly to deprive the government of a great nation of such a potent engine. Without the Sixteenth Amendment we should have been deprived not only of the present income tax but, in all probability, of the present excess-profits tax as well.

The Act of October 22, 1914, entitled "An act to increase the internal revenue and for other purposes," was popularly known as the emergency-revenue law and was so termed in various official documents. The financial disorders which followed the outbreak of the war so seriously affected current revenues that an addition was imperatively needed. This was provided by four series of taxes: first, the increase of the tax on beer from $1 to $1.50 a gallon, together with slightly higher taxes on certain wines; second, the so-called special taxes on tobacco dealers and manufacturers, on bankers, brokers, commission merchants, and proprietors of public amusements; third, schedule A, comprising a variety of stamp taxes on transactions, as well as a tax on telegraph and telephone messages, express and freight rates, and Pullman fares; and finally, schedule B, consisting of stamp taxes on toilet articles and chewing gum.[1]

The additional revenue thus secured was about $52,000,000. That it was needed is obvious from the fact that the ordinary internal revenue, as appears from the table on the next page, fell from 308 millions in 1914 to some 283 millions in 1915. Moreover, owing to the increased yield of the income tax, as a result of the business recovery, the total internal revenue for 1915 was over 410 millions as compared with 380 millions in 1914.

The operation of the law was limited to the period ending December 31, 1915. It was so apparent, however, that the emergency was growing more serious, that Congress by joint resolution of December 17, 1915, extended the operation of the law to the close of 1916. The prosperity of the country consequent upon the filling of the Allies' orders for munitions and

[1] For details *cf.* tables I, III and IV, *infra*, pp. 33, 35, 36.

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food resulted in an addition of almost a hundred millions to the internal revenue during 1916, the emergency revenue now yielding over 84 millions and the income tax providing almost 125 as against the 80 millions of the preceding year.[1]

The political sky became so lowering during the spring and summer of 1916 that even this increase seemed entirely inadequate. The consequence was the enactment, after considerable discussion, of the law of September 8, 1916. This act, entitled, like its predecessor, "An act to increase the revenue and for other purposes," repealed all the taxes imposed by the emergency-revenue law except the so-called special taxes which were to continue until the end of the year. The chief feature of the new law was the increase of the income tax, the normal rate being raised to 2 per cent and the scale of progression being made sharper.[2] Next in importance were the changes in the

[1] INTERNAL REVENUE AND CUSTOMS RECEIPTS (IN MILLIONS OF DOLLARS)

	1914	*1915*	*1916*	*1917*
Spirits	$159.1	144.6	158.7	192.1
Tobacco	79.8	79.9	88.	103.2
Fermented Liquors	67.1	79.3	88.8	91.9
Oleomargarine	1.3	1.7	1.5	1.9
Miscellaneous	.9	1.5	1.7	2.
Special Taxes	...	4.9	6.9	15.7
Schedule A	...	20.5	38.1	8.3
Schedule B	...	2.9	4.1	.7
Estate	...	...	...	6.
Munitions	...	...	...	27.7
Excess Profits	...	...	...	.037
Miscellaneous	1.1	1.5	1.7	2.1
Total of above items	308.6	335.5	387.8	449.7
Ordinary	308.2	283.4	303.5	354.4
Emergency	...	52.	84.4	95.3
Income	71.4	80.2	124.9	359.7
Corporation	43.1	39.1	56.9	179.6
Individual	28.3	41.	67.9	180.1
Total Internal Revenue	380.	415.7	512.7	809.4
Customs Duties	292.3	209.8	213.1	225.9
Total Tax Revenue	672.3	625.5	725.8	1,035.3
Total Ordinary Receipts	743.7	697.9	779.7	1,118.2
Total Receipts (including Postal Revenue)	1,002.6	985.2	1,091.7	1,447.9

[2] See appendix, table V, *infra*, p. 37.

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taxes on tobacco and liquors, the rates on tobacco and beer being made about the same as in the emergency-revenue law of 1914, while the rates on spirituous liquor were somewhat increased. Two new taxes were added, the estate tax, graduated from 1 per cent to 10 per cent, and the munitions manufacturers' tax, the duration of which was limited to one year after the close of the war. This was a so-called excise tax, over and above the income tax, of 12½ per cent upon the net profits of manufacturers of gunpowder, cartridges, projectiles, firearms and motorboats, including submarines. Finally came a series of so-called special taxes, limited, with one exception, to manufacturers of tobacco, brokers, and proprietors of public amusements. The exception consisted in an excise tax on corporations, joint stock and insurance companies, amounting to 50 cents for each $1000 of the value of the capital stock over $99,000. The act also provided for changes in the import duties on dyestuffs and printing paper, and brought into existence the new tariff commission.

The act of 1916 was expected to yield an additional revenue of several hundred millions. During the early months of 1917, however, the political situation became so acute that Congress decided to make provision for the imminent conflict by creating the so-called special-preparedness fund, to be used only for military and naval preparations. This was accomplished by the Act of March 3, 1917, entitled, "An act to provide increased revenue to defray the expenses of the increased appropriations for the army and navy and the extensions of fortifications and for other purposes." The fund was to be alimented from two sources: the excess-profits tax and a considerable addition to the inheritance tax. The excess-profits tax consisted of 8 per cent of the amount by which the net income of every corporation and partnership exceeded the sum of (a) $5000 and (b) 8 per cent of the actual capital invested. The law did not apply to corporations exempted from the income tax or to partnerships carrying on similar businesses or deriving an income from agriculture or personal service. The estate tax was so altered that the new rates were graduated 1½ per cent to 15 per cent.[1]

[1] See table, *infra*, p. 8.

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The two acts resulted in a substantial increase of the revenue in 1917. Only an insignificant amount, however, was obtained from the excess-profits tax[1] and only about six millions from the estate tax. But the munitions manufacturers' tax yielded about 28 millions, and the ordinary internal revenue about 60 millions additional, while the income tax rose from 125 to 360 millions, so that the total internal revenue for 1917 was over 809 millions or, roughly speaking, somewhat more than double the pre-war yield under ordinary business conditions.

Immediately after the declaration of war in April 1917, preparations were rushed, and vastly augmented appropriations were made. That a prodigious increase in the revenue would be needed was apparent, but exactly how much would be necessary, no one knew. The Treasury Department refrained from making any exact estimates and when the present writer stated[2] that the expenditures would amount to at least ten billions, his assertions were greeted with a smile of incredulity. It soon appeared, however, that this calculation was well within the truth, and preparations were made by Congress to finance the war on that assumption. After the revenue bill had come to the Senate Committee on Finance, a revised list of probable appropriations for 1918 was submitted, bringing the total to nineteen or twenty billions. This unexpected change called for a complete recasting of the bill, and led, after a protracted discussion in the conference committee, to the passage of the Act of October 3, 1917.

II

Summary of the War Revenue Act

The October act is entitled "An act to defray war expenses and for other purposes." All the new taxes are to be superimposed upon the existing system, except that the old excess-profits tax is repealed and the munitions manufacturers' tax is lowered to 10 per cent, and is to cease entirely after January 1, 1918.

[1] See table, *supra*, p 3.

[2] "How to Finance the War," Columbia War Papers, no. 7, p. 6.

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The backbone of the law, arranged in thirteen titles, consists of the new income and excess-profits taxes, each of which will be discussed separately later on. The remainder of the law provides for a great variety of imposts.[1] The most important is Title III, the war tax on beverages, which includes an additional tax of $1.10 per gallon on distilled spirits produced, imported or in bond, and of $2.10 if withdrawn for beverage purposes. As the further production of such spirits was stopped by the Food Administration Act of August 10, which prohibited during the war the use of grain for distillation, the result is that all existing stocks are subject to the high tax of $3.20 a gallon. The law imposes a further tax of 15 cents a gallon on rectified spirits, while the rates on wines and cordials are doubled, and on grape brandy, trebled. More moderate taxes are imposed on soft drinks and mineral waters as well as on the syrups, extracts and gas used in their manufacture.[2]

Title IV, dealing with tobacco, imposes an additional tax varying per thousand, on cigars from 25 cents to $7 and on cigarettes from 80 cents to $1.20, and fixed on tobacco and snuff at 5 cents a pound. In the case of more than 100 pounds of tobacco or 1000 cigars or cigarettes, subject to the old tax but removed for sale before the thirty days when the new law goes into effect, the additional tax—known as the excess-quantity tax—is to be at half rates. A new tax, varying from ½ cent to 2 cents per package or tube, is imposed on cigarette paper.[3]

Title V, "the war tax on facilities furnished by public utilities and insurance," assesses freight rates 3 per cent; express 1 cent for each 20 cents of charge; passenger fares, 8 per cent; Pullman tickets, 10 per cent; pipe-line transmission, 5 per cent; telegraph, telephone, and radio messages (of 15 cents or more) 5 cents; marine, inland, fire and casualty insurance, 1 per cent on the premium; and life insurance $\frac{8}{10}$ of 1 per cent on the amount

[1] In the appendix, pp. 33–37, are printed a series of tables, not to be found in any of the official publications, showing the details of the old rates, the changes due to the various war acts, and the existing rates.

[2] For details, see appendix, table I, *infra*, p. 33.

[3] For details, see *ibid.*

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of the policy. In the case of insurance the tax is to be paid by the issuer of the policy, in all other cases it is provided that the tax shall be paid by the person paying for the service.

Title VI, the "war excise taxes," charges automobiles, musical instruments, jewelry, sporting goods and games, chewing gum and cameras, 3 per cent; cosmetics, toilet articles and patent medicines, 2 per cent; moving-picture films, ¼ to ½ of 1 cent per foot; and motorboats and yachts from 50 cents to $2 per foot. In the case of the last item, the tax is imposed upon the user; in all the other cases upon the manufacturer, producer, or importer. No change is made in the old excises or "special taxes."[1]

Title VII is the war tax on admissions and dues. On admissions where the charge is over 5 cents (or in the case of outdoor parks, 10 cents) the tax is 1 cent for every 10 cents of charge. Children under twelve pay only 1 cent and the tax is remitted in the case of religious, educational, or charitable institutions or agricultural fairs not conducted for profit. On dues or membership fees over $12 of social, athletic, or sporting clubs, the tax is 10 per cent.

Title VII, "the war stamp taxes," includes a variety of imposts on bonds, conveyances, entries, proxies, and powers of attorney; on the issue and transfer of capital stock; on transactions on stock and produce exchanges; on promissory notes and time drafts; on playing cards, passenger tickets over $10, and parcel-post packages.[2]

Title IX imposes an additional "war estate tax" varying from ½ of 1 to 10 per cent. As will be seen from the table on the next page, this results in the inheritance tax now being graduated from 2 up to 25 per cent.

Finally, title XI adds 1 cent to the rate on postal cards and other first-class mail with the exception of drop letters, in which no change is made. In the case of second-class mail a distinction is introduced between the space devoted to reading matter and to advertisements. In the former the existing rate of 1 cent a pound is increased to 1½ cents from July 1, 1918,

[1] For details see appendix, tables II and III, *infra*, pp. 34, 35.

[2] For details see appendix, table IV, *infra*, p. 36.

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and to 1½ cents after July 1, 1919. In the case of the latter, the rates up to July 1, 1919, vary from 1½ cents in the first and second zones to 3¼ cents in the eighth zone; in the succeeding year they are to run from 1½ to 5½ cents respectively; in the following year from 1¾ to 7¾ cents, and after July 1, 1921, from 2 to 10 cents.

III

The Tax Burden and its Distribution

In considering this code of taxes—for it is nothing less than a code—the first questions that present themselves relate to the expected yield of the system, the relative proportion between loans and taxes, and the distribution of the burden.

According to official estimates the probable yield of the additional war revenue for 1918 will be two and a half billions.[1]

ESTATE TAX

Net estate	*Sept. 8, 1916*	*Mar. 3, 1917*	*Act of October 3, 1917*	
			Additional	*Total rate*
Below $50,000	1 per cent	1½ per cent	½ per cent	2 per cent
$50–150,000	2 "	3 "	1 "	4 "
$150–250,000	3 "	4½ "	1½ "	6 "
$250–450,000	4 "	6 "	2 "	8 "
$450,000–$1,000,000	5 "	7½ "	2½ "	10 "
$1–2 millions	6 "	9 "	3 "	12 "
$2–3 "	7 "	10½ "	3½ "	14 "
$3–4 "	8 "	12 "	4 "	16 "
$4–5 "	9 "	13½ "	4½ "	18 "
Over 5 millions	10 "	15 "	. . "	. . "
$5–8 millions			5 "	20 "
$8–10 "			7 "	22 "
Over 10 millions			10 "	25 "

[1] The details are as follows:

Income	$851,000,000
Excess-Profits	1,000,000,000
Distilled Spirits	140,000,000
Fermented Liquors	46,000,000
Wines and Cordials	7,000,000
Soft Drinks and Syrups	13,000,000
Tobacco	63,400,000
Transportation	157,300,000
Telegraph, Telephone and Radio Messages	7,000,000
Insurance	5,000,000
Gross Sales	58,650,000
Admissions and Dues	51,500,000
Stamp Taxes	29,000,000
Estates	5,000,000
Virgin Islands Goods	20,000
First Class Mail	70,000,000
Second Class Mail	6,000,000
Total	$2,509,870,000

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These estimates are in the nature of the case only approximate, and it is true that no one could have accurately forecasted the sudden change in business conditions which soon followed the passage of the law.[1] Even taking the estimate as fairly exact, however, the figures present no adequate picture of the actual tax burden imposed by the war. To do this, it would be necessary to add to the two and a half millions of the new tax the proceeds of existing taxes, so far as they exceed the normal pre-war figures. We have seen that the internal revenue receipts for 1917 were over 800 millions. It is not at all unlikely that the revenue from the same sources for 1918 will be around a billion. If to this we add approximately the quarter of a billion derived from customs, we should have a probable tax revenue of about 3¾ billions. Deducting the 600-650 millions which represent the average annual yield of the customs and internal revenue for the half dozen years before the outbreak of the European war, we should have as the additional war revenue for 1918 between 3 and 3¼ billions.[2] Until the year is completed, these figures are necessarily only approximate; but they serve to give some idea of the real tax burden due to the first year of the war, and to correct certain misapprehensions on that point.

[1] The estimate of the conference committee was based on a twelve-months period. As some of the taxes became effective on October 5, others on November 1, and still others on December 1, some of the estimates must be reduced. On the other hand, the later calculations of the secretary of the treasury (Report, p. 23) estimate considerably more from the excess-profits tax (1,226 instead of 1,000 millions) and the estate tax, the total yield of which is put at about 70 millions for 1918. The original estimates may therefore be considered as fairly accurate, unless the financial depression at the end of the calendar year may, as is not improbable, materially reduce the yield.

[2] The secretary of the treasury in his annual report gives the following estimates (in millions):

Internal Revenue	$3,400
Customs	220
Total Tax Revenue	3,620
Total Ordinary Receipts	3,887
Postal Revenues	340
Total Revenues (exclusive of loans and Panama Canal tolls)	4,227

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The next question is whether the war revenue act endeavors to raise too much or too little by taxation. We shall not attempt to discuss here the problem of loans *versus* taxes or to present the economic theory of public credit.[1] Suffice it to say that each method is unsatisfactory when pushed to an extreme. The chief disadvantage of loans is that if they are not based on a solid foundation of taxes, they lead to a progressive deterioration of public credit and thus in part defeat their own objects; while the chief disadvantage of excessive taxation is the tendency to disrupt or to repress enterprise to such an extent that the industrial foundations of the war itself will be weakened. What has been generally overlooked, however, is the slight difference, measured in percentages, between an undue and a proper utilization of public credit.

The great conflicts of the nineteenth century have been conducted almost exclusively on the theory of loans. The figures ordinarily found are fallacious because they fail to distinguish between total and war expenditures on the one hand and total and war taxation on the other. If, as is the only proper method, we attempt to ascertain what proportion of strictly war expenses are defrayed out of war taxes and what proportion out of war loans, we shall find that the rôle played by war taxes is very much less than has usually been estimated. In the history of the Civil War, for instance, it will be seen from the table[2] ap-

[1] This has been done elsewhere by me. Compare "Loans *versus* Taxes in War Finance," in Financing the War, Annals of the American Academy of Political and Social Science, vol. lxxv, January 1918, pp. 52–82.

[2] TAXES AND LOANS IN THE CIVIL WAR (IN MILLIONS OF DOLLARS)

	Customs	*Internal revenue*	*Direct tax*	*Total tax revenues*	*Loans*	*Total loans and taxes*	*Per cent obtained by taxes*
1862	49.1	. .	1.8	50.9	529.7	571.6	8.9
1863	69.1	37.6	1.5	108.2	775.2	883.4	12.2
1864	102.3	109.7	.5	212.5	1088.2	1300.7	16.3
1865	84.9	209.5	1.2	295.6	1474.5	1770.1	16.1

These figures differ from those of H. C. Adams, Public Debts, p. 132, which have been repeated by Bastable, Public Finance, p. 653, and since then by many others. The first three and the fifth columns of the above table are taken from the annual reports of the secretary of the treasury; the other columns are obtained by simple computation.

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pended that if we compare total taxes with loans the proportion raised by taxes in the first full year of the war was under 9 per cent, and that it rose in the next year to only 12 per cent, and in the two succeeding years to only 16 per cent. If, however, war taxes are compared with war expenditures, as is proper, the showing is far worse. If we estimate the ordinary tax revenues and expenditures at about fifty millions (in 1860 they were each about fifty-three millions) it appears from the table [1] below that the proportion of war taxes to war expenditures was, in the first full year of the war, only one-fifth of 1 per cent and that even in the second year it reached only 8½ per cent. In other words, the first half of the war was conducted almost exclusively on the loan policy. The disastrous results are only too well known.

If we compare the fiscal program of Great Britain in the present war with that of the other belligerents, we shall find that the difference is much less than is commonly supposed. As appears from the table [2] below, the war taxes in the first year of the war (which represented six months of the fiscal year) amounted to a little over 7 per cent of the war expenditures. In the second year of the war the proportion rose to over 9 per cent and in the third year to 17½ per cent. The real contrast with the United States during the Civil War resides in the fact that Great Britain was, during the first three years of war, just about one year ahead of the United States. That one year's difference,

[1] EXPENDITURE AND TAXES IN THE CIVIL WAR (IN MILLIONS OF DOLLARS)

	Total expenditures	*War expenditures*	*Total taxes*	*War taxes*	*Percentage of war taxes to war expenditures*
1862 . . .	477.8	427.8	50.9	1.	.02
1863 . . .	729.9	679.9	108.2	58.2	8.5
1864 . . .	877.4	827.4	212.5	162.5	19.6
1865 . . .	1309.	1259.1	295.6	145.6	11.5

[2] BRITISH WAR EXPENDITURE AND REVENUE (IN POUNDS, 000 OMITTED)

	1913–14	*1914–15*	*1915–16*	*1916–17*
Taxes	163,035	189,305	290,106	514,077
Non-tax revenue	35,288	37,389	46,660	59,349
Total revenue.	198,323	226,694	336,766	573,426
Total expenditures.	197,493	560,473	1,559,158	2,198,112
War expenditures	. .	362,980	1,362,665	2,000,619
War taxes	. .	26,270	127,071	351,042
Percentage of war taxes to war expenditures	. .	7.2	9.3	17.5

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however, in the furnishing of an ample tax revenue quite sufficed to preserve Great Britain from the results of the American fiscal policy. The same is true when in the present war we compare Great Britain with the other belligerents, which, even in the case of France and Germany, have done no better than did the United States during the first two years of the Civil War. The significant fact for our purposes is that in the third year of war, after the imposition of heavy tax burdens, Great Britain was raising only a little over one-sixth of the war expenditures by war taxation, while the other belligerents have been doing still less. Although the proportion during the fourth year will probably be slightly higher, the British government has, up to the present, steadfastly refused to make any substantial change in the policy which results in securing by far the greater part of war expenditures from war loans.

In the United States, where, at the time of writing, the first fiscal war year is only half completed, it is impossible to present more than rough calculations. If, as is probable,[1] the total tax revenue for the year 1918 will be between $3\frac{1}{2}$ and $3\frac{3}{4}$ billions, and if we deduct the 600 or 700 millions of average tax revenue of the years preceding 1914, the total war taxes may be put roughly at a little over three billions. If, again, the total expenditures should be about nineteen and a half billions,[2] and if we deduct the estimated peace expenditures of a little over one billion,[3] the war expenditures for 1918 would be about

[1] *Cf. supra*, p. 9.

[2] The exact estimates are nowhere to be found in the annual report of the secretary of the treasury for 1917. By combining various figures, however, we get the following result:

Ordinary expenditures (p. 56)	$12,316,295,223
Postal expenditures (p. 73)	333,200,000
Loans to Allies (p. 17)	7,000,000,000
Total expenditures	19,649,495,223

[3] By combining the figures on pp. 56 and 73 of the secretary's report we arrive at the following:

Ordinary expenditures	$12,316,295,223
For war purposes	11,527,709,823
Ordinary peace expenditures	788,585,400
Postal expenditures	333,200,000
Total peace expenditures	1,121,785,400

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eighteen and a half billions. This makes the percentage of war taxes to war expenditures for the first year of the war about 16.7, or a proportion of one-sixth, a figure which compares favorably both with Great Britain and with our own Civil War experiences. In other words, we shall raise in the first year of war about the same proportion that England raised in the third year. While this is slightly less than was originally suggested by the present writer,[1] it is ludicrously less than the amount proposed by some of the enthusiasts both in Congress and in the academic world, who spoke about raising the entire outlay by taxation. It is also significant that the secretary of the treasury, who at the outset propounded the 50–50 per cent theory—that one-half of the war expenditures should be defrayed by war taxes—should have come in his annual report in December to the conclusion that it is undesirable to levy any more taxes for the present.[2] This conclusion was evidently forced upon him by the financial depression which supervened in the last quarter of 1917 and which was popularly ascribed to the new tax law. As a matter of fact, the law was only partly responsible; and in so far as there was any responsibility at all, the cause is to be sought, as we shall see, in the defects of the law, rather than in the sum to be raised. We may conclude therefore that the new law does not err on the side of excessive taxation. But it is probable that about as much is sought to be raised by taxation as is prudent at the time. Not only the amount, but the relative proportion, of taxation is a far heavier one than has ever been previously attempted in the first year of war.

[1] In "How to Finance the War," Columbia War Papers, no. 7, pp. 14 and 21, the present writer suggested an additional tax revenue of at least one and one-half billions predicated on a total expenditure of ten billions. With war expenditures estimated at eighteen billions this would mean additional war taxes of about 2¾ billions. As we have seen, however, the additional war taxes provided by the war revenue bill amount to only 2½ billions.

[2] "It is my earnest conviction that the general economy of the war should be permitted to readjust itself to the new revenue laws before consideration should be given to the imposition of additional tax burdens"; Report, p. 4.

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We now come to the question of how this burden is distributed. The old-time classification of taxes into direct and indirect not only has lost its former usefulness but is without scientific foundation. In former times, when the mass of indirect taxes rested upon the poorer classes, the distinction corresponded roughly to the contrast between wealth and poverty, and the abolition of indirect taxes accordingly became a leading demand of social reformers. In modern times where the so-called indirect taxes have largely been removed from the necessaries of life, and imposed upon luxuries or articles of harmful consumption, the contrast has lost its point. Indirect taxes are no longer necessarily taxes upon the poor. But in the second place, the criterion of distinction has been abandoned by modern science. In direct taxes, the taxpayer is supposed to be the taxbearer; in indirect taxes, one man pays the tax and another is supposed ultimately to bear the burden. Even a superficial acquaintance, however, with the newer theories of incidence of taxation discloses the fact that many so-called direct taxes are shifted and many so-called indirect taxes may be borne by the person who originally pays the tax. Even to relegate the distinction to the mind of the legislator, as was suggested by John Stuart Mill, helps little. In the present law, for instance, no one knows whether it was the intention of the legislator that the insurance taxes or the so-called excise taxes should be paid by the producer or by the consumer. In the automobile tax both views were represented in Congress. But even assuming, what is not improbable, that most of the excise taxes are intended to rest on the consumer, what shall we say of the motorboat tax, which, as the law distinctly declares, shall be paid by the user? Is the automobile tax, then, indirect and the motorboat tax direct? And even if we declare all of the excise taxes indirect, most of them are imposed on luxuries, and thus fail to disclose the chief characteristic which has hitherto been associated with indirect taxes. The distinction, therefore, is both unclear and useless.

A classification more suited to modern conditions is that into taxes on wealth, business, exchange (in the widest sense of the term, including transportation and communication of intelligence

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and power), and consumption, which last category might be subdivided into taxes on luxuries or harmful consumption and on ordinary expenditure. This fourfold classification might be further compressed into the distinction between taxes on wealth and luxury on the one hand and on the mass of consumption on the other. Business taxes would then be included in the first division and taxes on exchange in the second, while taxes on expenditure would fall into either the first or the second, according to their nature. The advantage of this classification is that it is apt to throw light on the problem of chief interest to modern democracy—the equitable distribution of tax burdens between the rich and the poor.

How do the various taxes proposed by the new revenue law fit into this fourfold classification? Since wealth is to be measured in terms of either a fund or a flow, it is obvious that in the first class are to be included taxes on property as well as on income. The present law imposes, it is true, only an income tax; but it is not at all unlikely that we may again have a tax on land or other property. The estate tax would also fall within the same group, irrespective of the question whether we regard it as a tax on capital or on the income of the recipient. In the second category, taxes on business, there ought to be included, as we shall see later, not only the excess-profits but the corporate-income tax. In the third group, taxes on exchange, would be comprised the so-called war taxes on facilities furnished by public utilities, and the stamp taxes. To the first division of the fourth group, taxes on injurious or harmful consumption, should be assigned the taxes on beverages, admissions and dues, leaving for the second sub-division customs duties and the insurance tax. This disposes of everything except the so-called excise taxes, which will probably best fit into the sub-division of taxes on luxurious consumption. But even if they should be classified under business taxes, it would make little difference, because in either case they would fall within the first of two main divisions, taxes on wealth and luxury as against taxes on general consumption.

According to this classification, the new taxes on wealth amount to about 74 per cent of the whole, the taxes on lux-

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urious or harmful consumption to about 13 per cent, and the taxes on exchange and general expenditure to a little less than 13 per cent.[1] This record is almost as good as that of Great Britain, where an even larger proportion of the new war taxes has been derived from wealth or luxurious or harmful consumption. It is significant evidence of the progress that has been made in the conceptions of fiscal justice as a result of the democratic development of the last generation. The contrast of this distribution with that of the Civil War period could not be more striking.

Since, therefore, the overwhelming proportion of the new revenue is to come from taxes on income and excess profits, any adequate interpretation of the law must deal primarily with these sources.

IV

The Income Tax

The American income tax has gone through a rapid development. Imposed originally as an emergency measure during the Civil War, it disappeared in 1872. It was re-enacted in 1894 but was declared unconstitutional. A prolonged discussion led to the adoption of the Sixteenth Amendment and to the passage soon thereafter of the income-tax law in 1913.[2]

[1] DISTRIBUTION OF WAR TAXES (IN MILLIONS OF DOLLARS)

Wealth

Income	$851	= $1,856, or 13 per cent	
Excess Profits	1,000		
Estate	5		

Luxuries and Harmful Consumption

Liquors	269.4	= $328.1, or 13 per cent	
Excises	58.7		

Exchange

Transportation	157.3	= $269.	= $325.1, or 12.6 per cent
Telegraph etc.	7.		
Stamp	29.		
Postage	76.		

Expenditure

Admissions	51.1	= $56.1	
Insurance	76.		

[2] For an appreciation of this law by the present writer, see POLITICAL SCIENCE QUARTERLY, volume xxix, p. 1, and The Income Tax, 2d edition, 1914, last chapter.

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As was inevitable in a pioneer measure the law was not without defects both in theory and in administrative provisions. Some of these were considered by a committee on the income tax of the National Tax Association and shortly thereafter not a few of the suggested amendments were adopted.

The chief purpose of the Act of September 8, 1916, referred to above, was to secure increased revenue. Accordingly, the rate of the normal tax was increased to 2 per cent and that of the additional tax to a scale of from 1 to 13 per cent. Other important changes in the law were as follows: (1) the tax was definitely imposed upon non-resident aliens; (2) deductions were permitted for taxes levied by foreign countries; (3) allowance was made for losses actually sustained in transactions not connected with one's regular business, provided they did not exceed the profits therefrom; (4) in the case of oil and gas wells and mines a reasonable allowance was permitted for actual reduction in output or for depletion; (5) partners were allowed to deduct a proportionate share of the partnership income which would be exempted if taxed to individuals; (6) provision was made for the publication of full and adequate statistics. Among the minor changes were those requiring all individuals to make a return of dividends received, permitting the taxpayer to keep his books according to the method of accruals in lieu of that of actual receipts, and allowing the commissioner of internal revenue to grant an extension of time in making returns.

While the law of 1916 resulted in a revenue of about 360 millions, the new law is designed to increase the yield to about a billion and a quarter dollars.[1] The chief content of the law, therefore, consists in changes of rates. Advantage was also taken of the opportunity to make alterations in other provisions.

The change in rates is of a threefold character: an increase of the normal tax, a lowering of the exemption, and a rise in

[1] The estimates of the secretary of the treasury (Report, p. 71) are, in millions:

Corporations	$535
Individuals	666
Total	1,201

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the scale of progression. A supplementary normal tax of 2 per cent is imposed, bringing the total to 4 per cent. The law furthermore provides for a reform that had been widely urged by those who considered the exemption of $3000–4000 entirely too high. Accordingly, in the case of the supplementary normal tax the exemption is reduced to $1000 for unmarried and $2000 for married persons. The law also provides for an additional exemption of $200 for each child under eighteen years of age or incapable of self-support because of mental or physical defect.

In order to counterbalance this reduction, which will bring into the toils of the law millions of new taxpayers, the rates on the higher incomes are sharply increased. The original law, it will be remembered, had provided for a so-called additional tax (popularly called the surtax or, sometimes, the supertax) on all incomes over $20,000, ranging from 1 to 8 per cent on the highest amounts. The law of 1916, as we have noted, increased the graduated scale so as to run from 1 to 13 per cent. The new law reduces to $5000 the amount at which graduation begins and provides an entirely different scale, ranging from 1 to 50 per cent, for the supplementary additional tax. The result is that the maximum rate is now 67 per cent, that is, 2 per cent old normal tax, 2 per cent supplementary normal tax, 13 per cent old additional tax and 50 per cent new additional tax.[1]

This is the highwater mark thus far reached in the history of taxation. Never before, in the annals of civilization, has an attempt been made to take as much as two-thirds of a man's income by taxation. The nearest approach was during the great political struggles in medieval Italy, where, as in Florence, the income tax once reached a figure of 50 per cent.[2] In comparing our present income tax with the British, moreover, it is to be noted that our rates are much higher on the larger incomes and much smaller on the lower and moderate incomes. The American scale is an eloquent testimony to the fact not only

[1] See appendix, table V, *infra*, p. 35.

[2] *Cf.* Seligman, Progressive Taxation in Theory and Practice, 2d edition, 1908, p. 22.

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that large fortunes are far more numerous here than abroad, but also that there is greater appreciation of the democratic principles of fiscal justice. For the overwhelming trend of modern opinion is clearly in the direction of applying to excessive fortunes the principle of faculty or ability to pay. It still remains to be seen, however, whether the new law, with its exceedingly high rates, will turn out to be as workable administratively and as productive fiscally as a somewhat lower scale would have been.

The second change in the law is the virtual abandonment of the stoppage-at-source method of collection. It will be remembered that the two leading types of income tax that had developed during the last generation were the so-called lump-sum method of Prussia and the scheduled method of Great Britain. The Prussian system, which rested finally upon accurate official assessment, depended for its success upon an incorruptible civil service and the fear instilled into the average taxpayer of making false returns. Great Britain had long since abandoned the scheme and had substituted the plan of imposing the responsibility of the tax upon the person who paid the income rather than upon the recipient. As between the unchecked lump-sum and the stoppage-at-source method it is clear that under American conditions the latter was preferable. At the close, however, of the discussion in 1913, an alternative plan was suggested, to which the present writer gave the name of information-at-source, designed to achieve the substantial purposes of the collection-at-source method without its discomforts and complications. This alteration, which almost succeeded in 1913, and again in 1916, and which was warmly espoused by the income-tax committee of the National Tax Association, has now been finally adopted in essence. The law makes the tax collectible from the recipient of the income, but imposes upon the payers of income the obligation to give full information of the amount and conditions of payment. Information is required from corporations as to dividend payments; from brokers as to details of transactions; and, in general, from all persons making payment to any other person of any "fixed or determinable gains, profits and income over $800." Only two

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exceptions are permitted. Withholding at the source is retained for the original normal tax in the case of income accruing to non-resident aliens and of interest on tax-free bonds. The latter exception was inserted as a concession to bondholders who, relying upon the promise of the corporations to assume the tax, had paid so much more for the bonds. It is to be regretted, however, that the law fails to include the provision, found in the British statute, which prohibits for the future the inclusion of such tax-free covenants in corporate bonds.

The substitution of information-at-source in all probability marks an advance in the law, although it still remains to be seen whether the new system will prove more effective or less cumbrous than the old. In any event, however, the chief objection to the uncontrolled lump-sum method, employed in our earlier income-tax laws, has been removed.

On the fundamental question of what constitutes income the new law does not take any fresh stand. This still remains a difficulty which, however, not only is shared by many other income-tax laws but is traceable to an inadequate analysis. The distinction between capital and income has received far less scientific attention than it deserves. It may be said that there are at least three different conceptions of income found in economic literature: the one emphasizes the idea of regularity or recurrence; the second accentuates the idea of product or return from an enduring source; the third, or net-profit theory, lays stress on the surplus of what comes in over what goes out. It is impossible here to discuss the widely divergent practical consequences of these theories. It may be said, however, that until economists have decided which of the three is correct, the interpretation of the law is bound to create endless trouble. Some of the chief difficulties of the interpretation are still associated with the question of stock dividends and depreciation in the market value of securities.

An important change in the deductions permitted in the computation of taxable income is found in the treatment accorded to gifts for religious, charitable, scientific or educational purposes. When the bill was in committee, fear was expressed lest the high rates should check the flow of philanthropic gifts. In

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order partly at least to obviate a consequence which would be deplorable in a country where charity is overwhelmingly of a private character, it is provided that there may be deducted, in computing net income, all such gifts, provided they do not exceed 15 per cent of the taxable income. This interesting departure is in line with the American policy of tax exemption for educational and philanthropic institutions. It is to be regretted, however, that in the estate tax a similar provision has been omitted, probably by inadvertence.

Two other important changes were made in the list of deductions. In the original act a deduction was permitted for interest on debts. It was pointed out during the discussion that, inasmuch as the first issue of Liberty bonds was tax exempt, it would be profitable for individuals to finance their bond purchases by borrowing, for they would save the tax not only on the bond interest received but on the loan interest paid. It was to obviate this invitation to inflation and fiscal injustice that the law excepted from the permissible deduction interest on debt incurred for the purchase of tax-free government bonds.

The other point has reference to the deduction for taxes. It is plain that if all taxes continue to be deducted, the payment of a large income tax in any one year will operate as a substantial and progressive reduction of the tax in following years. It is therefore provided that the permission to deduct taxes shall not apply to income and excess-profits taxes. In any one year, however, the net income may be credited with the excess-profits tax assessed in the same year.

Finally, the exemption heretofore accorded to the interest on government bonds is limited to the particular exemptions allowed in the acts authorizing the bond issues. The new four per cent bonds carry with them, as is well known, an exemption from the normal income tax only.

Up to this point we have discussed the individual income tax. The law, however, provides, as before, also for a corporate income tax. In addition to the existing normal tax of 2 per cent, a supplementary tax of 4 per cent is imposed upon the income of every corporation, joint stock company or association, or insurance company, but not including partnerships. The result

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is that corporations will hereafter pay a tax of 6 per cent on their income. In computing the tax, however, all dividends received by one corporation from another taxable corporation are deductible—an important concession to holding companies but a concession limited to the supplementary tax. The limitations on the deduction for interest and taxes referred to above in the case of individuals are applicable also to corporations, as is the provision permitting the crediting to income of the excess-profits tax levied in the same year.

Corporations, however, are subject to a further tax of 10 per cent on the amount of profits remaining undistributed six months after the end of the year. Income actually invested in business or in federal bonds is exempted from this additional tax; but if it transpires that profits retained for employment in the business are not so employed or are not reasonably required therein, they shall be subject to a tax of 15 per cent. It may be conjectured that these provisions will lead to a speedy distribution of all corporate profits that should properly go to the stockholders.

Finally, attention may be called to a provision permitting the payment of the income tax, both corporate and individual, in instalments of 25 per cent at intervals of one, two and four months after the close of the taxable year, the final instalment to be payable by June 15, as before.

In any fair estimate of the present law five defects may be noted, some of them survivals, some of them additions.

The first weakness is the failure to introduce differentiation between earned and unearned income. An attempt was made to persuade Congress to adopt this distinction, which, as is well known, was initiated in Great Britain almost a decade ago. The reason advanced for the refusal—the fear of further complicating the tax—is far from convincing. Simplicity gained at the expense of equity is not to be admired. The situation is in fact aggravated by the extension of the excess-profits tax to professional incomes, as a result of which, earned incomes, instead of being taxed less, will actually be taxed more than unearned incomes. This is of course a travesty of justice.

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The second defect is that returns, instead of being demanded from every one, are required only from the non-exempt classes, that is, from those whose income exceeds $1000–2000 or $3000–4000 respectively.[1] This, coupled with the failure to compel a return of income from government tax-free bonds, will prevent the collection of valuable information as to the total social income and its distribution. A return, including the entire income, should be required, as is almost uniformly the case elsewhere, from every citizen.

Third, the provision as to the calculation of losses and gains is still inequitable. On any one of the three different theories of income referred to above, our present practice of counting certain gains as income and of refusing to allow for corresponding losses is not only indefensible, but sure to create gross inequalities.

In the fourth place, the treatment accorded to dividends is highly questionable. Dividends must, indeed, be reported by individuals and, although not subject to the ordinary normal tax, are liable to both the supplementary normal tax and the additional taxes. A new section, however, provides that dividends are taxable at the rates prescribed for the years in which the corporate profits are accumulated. This is unjust because the dividends ought to be considered income when received, irrespective of when the profits were earned. If the war should last several years and be attended by an increase of war taxes, it is likely that many wealthy stockholders will escape by the fact of the corporate profits having been originally earned in the period before the high taxes were imposed. Moreover, the law will probably be so complicated as not to to be easy of enforcement. For the rate of the tax will depend upon the amount of total income in any one year and the identical amount of dividend may form an entirely different proportion of that income from year to year. It will be increasingly difficult therefore to administer the provision. In the meantime, great confusion will ensue.

[1] It is estimated that the tax will require over six million separate returns as compared with 780,000 in 1917.

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The final defect is that no machinery has yet been devised to check the returns from individuals engaged in business or occupations. In the case of large corporations and partnerships, as well as individual incomes from securities, the system of information-at-source, together with the observance of modern accounting rules, will in all probability ensure fair accuracy in the returns. But where neither of these safeguards is applicable, a large loophole is left open. Where the rates of taxation are as high as at present, the dangers of evasion are multiplied; and evasion means not only loss of revenue, but inequality. Much has been done elsewhere to institute checks designed to diminish this danger. While some of the statements[1] advanced in and out of Congress as to the widespread evasions in the present law are clearly exaggerated, there is still room for decided improvement in administration.

V

The Excess-Profits Tax

Although the income tax, both old and new, is designed to provide about the same revenue as the excess-profits tax[2] the latter is the novel part of the law. What is its significance?

The first point to be emphasized is that it is a business tax. The criteria that may be employed in classifying taxes are manifold. For the purpose, however, of explaining this new impost it will suffice to observe that taxes on wealth are susceptible of a threefold division. The tax may be on either property or income; on either individuals or corporations; on either persons or things. It is this last distinction which is of consequence here—the distinction which the lawyers make between taxes *in personam* and *in rem*. Among the "things" on which taxes may be imposed are land, capital and business. The excess-profits tax is one on the business, irrespective of the person who conducts it. It is like the real-estate tax in

[1] *Cf.* the publication, The United States Income Tax Steal? The Facts and the Proofs about $320,000,000 Taken Annually by the Rich from the U. S. Treasury. By Basil M. Manley.

[2] Income tax 1,201 millions; excess profits tax 1,226 millions. See Report of the Secretary of Treasury, p. 71.

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New York, assessed on the land, without regard to the owner. The objection, therefore, is not valid that because the tax is imposed on profits, it constitutes double taxation, in superimposing one income tax upon another. This is the same confusion of thought which has led some writers to object to the inclusion of a corporate-income tax in a law which endeavors to reach the entire income of the individual. The corporate-income tax, like the excess-profits tax, is a tax on the business, not a tax on the individual; a tax on a thing, not on a person.

In the second place, the excess-profits tax is not a war-profits tax, if by this term we mean a tax imposed upon the additional profits resulting from the war. This constitutes its chief difference from the war-profits taxes levied in other countries.

The almost simultaneous institution of the war-profits taxes abroad is easy of comprehension. Never before in the history of the world have such gigantic sums been expended by belligerents or have such colossal gains been made by private individuals in belligerent and neutral countries alike. It was a natural feeling that no private enterprise should be permitted to make inordinate gains out of the misery of humanity, and that the community is entitled to a great part of the profits for which no individual enterprise is really responsible. The consequence was that the government everywhere put in a claim to a large share of these profits due to the war. The proportion has risen in some countries to 80 or 90 per cent, and the war profits have in general been defined as the excess of profits during the war over those during a pre-war period.

The reason which induced Congress to modify this principle was that not a few of our largest business enterprises had been making immense profits in the pre-war period, and that, inasmuch as the profits, both past and present, were scarcely being touched by the corporate-income tax, these enterprises would virtually be exempt, while their more unfortunate competitors, who had done relatively poorly during the pre-war period, would now be heavily burdened. The decision was therefore reached to levy the tax not on war profits as such, but on excess profits in general. Although the tax is called the "war

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excess profits tax," the term really means the tax on excess profits levied during the war, just as the terms "war excise taxes" or "war income tax" mean the respective taxes levied during the war.

The significant fact, however, is that nothing is said about the limitation of the tax to the period of the war. In the war-profits taxes abroad the taxes cease automatically with the end of the war, for where there is no war there can be no war profits. It is entirely possible, however, for our tax to continue after the war, just as it is possible that fiscal exigencies may compel the continuance, in whole or in part, of our war income tax or of our war excises. It will be seen, therefore, that we have here, ready to hand, a potential source of the future income which will be so sorely needed hereafter, and for which European statesmen and publicists have been dimly groping.[1]

It has been thought by some that the principle is something new in taxation. Professor T. S. Adams, for instance, emphasizes the fact[2] that it is a reversion to the benefit theory of taxation and is to be considered as an extension of the special-assessment doctrine.

Both of these statements, however, involve a partial misconception. The essence of a special assessment consists of a measurable benefit accruing to an individual as a member of a definite area, from a particular service rendered, and calling for an outlay, by the government. In a tax there is never such a particular service nor a separately measurable benefit. The criterion is not benefit but faculty or ability to pay. The confusion arises from the failure to observe, as was pointed out

[1] Many French and German and not a few English experts have called attention to the fact that the ordinary sources of present revenue will prove entirely inadequate to defray even the interest on the huge war debts. Some of them have suggested either state monopolies or government participation, on a large scale, in private business. The details, however, have not been worked out as to whether the government should take its share during the business process or at its completion. In the latter case we should have a tax somewhat analogous to our new impost.

[2] "Principles of Excess-Profits Taxation," in the *Annals of the American Academy of Political and Social Science*, volume lxxv, p. 154; and more fully in "Federal Taxes upon Income and Excess Profits," in the *American Economic Review*, vol. viii, no. 1, supplement, March 1918, Papers and Proceedings of the 30th Annual Meeting of the American Economic Association.

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many years ago,[1] that ability connotes not only the old-time consumption or sacrifice element but also the production or privilege element. A business tax is none the less based upon ability to pay because the predominant criterion may consist in the profits derived in part from the privileges due to the general economic or legal environment. The excess-profits tax is a tax in which, as in many others, the ability of the taxpayer is measured, in part at least, by the privileges enjoyed. It is not to be confounded with a special assessment. There is no special measurable benefit conferred by a particular service rendered, and involving an outlay, by the government.[2]

When, however, we come to consider the precise way in which this new business tax has been worked out, we find that it is open to serious criticism. In all the European laws the taxes are not on war excess profits but on excess war profits, that is, on the excess of war profits over peace profits. Since, however, our plan is to tax excessive profits in general rather than the excess over a pre-war standard, the criterion had to be lodged elsewhere than in pre-war profits. Unfortunately, the criterion of normal profits is declared to be a certain percentage of the capital employed, the pre-war period being utilized only incidentally in ascertaining this normal percentage. That is to say, in computing excess profits, the law takes the excess over a so-called deduction or normal amount, consisting of a fixed sum ($3000 for domestic corporations, or $6000 for partnerships, citizens or residents), together with an amount equal to the percentage of the invested capital represented by the average annual income during the pre-war period, provided that this percentage shall in no case be less than 7 nor more than 9 per cent of the capital. The pre-war period is held to be the period from 1911 to 1914. In case the business was not in existence in those years, the deduction is fixed at 8 per cent instead of the 7–9 per cent. And in case there was no income

[1] Seligman, Progressive Taxation in Theory and Practice, 1894, p. 191; *cf.* 2d edition, 1918, pp. 291–292. *Cf.* the various passages in Essays in Taxation, 8th edition, 1913, pp. 340, 418, 438–444.

[2] For a fuller statement of this point *cf.* the *American Economic Review*, vol. viii, no. 1, supplement, where Professor Adams' paper is considered.

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or a very low income during the pre-war period, the criterion is the percentage of capital earned by a similar or representative business.

From this base line of normal profits are computed the excess profits, the tax rising progressively with the excess, being fixed at 20 per cent on the excess profits up to 15 per cent; 35 per cent on the excess from 15 to 20 per cent; 35 per cent on the excess from 20 to 25 per cent; 45 per cent on the excess from 25 to 33 per cent; and 60 per cent on the excess profits over 33 per cent.

It is obvious that the important point here lies in the computation of capital, for with one exception[1] income is defined precisely alike in the excess-profits and the income-tax laws. The greater the amount of the "invested capital" as compared with a given income, the smaller will be the percentage and the tax. What constitutes invested capital, however, is so elusive as to be virtually impossible of precise computation. Not only will there be gross inequality between businesses which enjoy the same income but which are variously capitalized, thus putting extra taxation on small and conservatively capitalized concerns; but all manner of opportunity will be afforded for evasion of the law. The effort made to define capital in the law is unavailing. Invested capital is defined as actual cash paid in, the actual cash value of tangible property, and the paid-in or earned surplus employed in the business. Patents and copyrights are included up to the par value of the stock paid therefor and the same rule is declared applicable to the goodwill, trademarks, and franchises or other intangible property, provided that if purchased before 1917 the amount is limited to 20 per cent of the capital. The inadequacy of these provisions is manifest.

It has been contended, in defense of the law, that it is on the whole immaterial whether the criterion be sought in income

[1] The deductions allowed from corporate gross income in the excess-profits tax follow the corporation excise tax law of 1909 and not the income-tax law. The difference, it will be remembered, is that in the former law deduction is permitted on bonded indebtedness to an amount not exceeding the capital; whereas in the latter, the deduction is limited to one-half the sum of the bonds and stock.

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or in capital; for capital, we are told, is nothing but capitalized income.[1] In reality, however, capital is not capitalized income; capital is the capitalization not only of present income but of anticipated future income, which is a very different thing. If, as frequently happens, the anticipated future income does not materialize, there is a vital difference between a tax on capital and a tax on income. The objection to the law still remains, as before, that the choice of capital not only constitutes a clumsy attempt to reach taxable ability, but introduces a gross inequality in principle and a deplorable uncertainty in administration. While something may no doubt be done to clear up the ambiguities and to remove some crass inequities, enough will remain to deprive the measure of a claim to scientific or practical validity.

The most serious objection to the law, however, has yet to be mentioned. Even assuming that the above difficulties were removed, that the capital could be accurately estimated, and that it varied in amount proportionally with the income—even on these unlikely assumptions, the tax would still be defective.

This is due to the criterion chosen for the basis of the graduated scale. Something can be said for a graduated tax on income; something can even be said for a graduated tax on capital; but it is difficult to say anything in defense of a tax which is graduated on the varying percentage which income bears to capital. To penalize enterprise and ingenuity in a way that is not accomplished by a tax on either capital or income—this is the unique distinction of the law. For, in the first place, while it is true that excess profits are sometimes the result, in part at least, of the social environment, they are not infrequently to be ascribed to individual ability and inventive-

[1] This point is made by Professor Adams in the address cited *supra*, p. 26, "Federal Taxes upon Income and Excess Profits." This marks a decided change of mind from his earlier statement in Financial Mobilization for War, published by the Western Economic Society and the City Club of Chicago, 1917, p. 117: "To that question in this country filled with corporations whose capital accounts mean nothing, there is only one answer—avoid the capital basis, whenever by human ingenuity it is possible to do so." The roguish commentator might possibly find a reason for this change of heart in the fact that in the interval Professor Adams had accepted an official position in the treasury department.

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ness. While it is entirely proper that a share of the profits should go to the community, it is not at all clear that the tax should be graduated according to the degree of inventiveness displayed. But there is a still more important consideration. Almost all large businesses have grown from humble beginnings, and it is precisely in these humble beginnings that the percentage of the profits to the capital invested is apt to be the greatest. The criterion selected, therefore, is the one best calculated to repress industry, to check enterprise in its very inception, and to confer artificial advantages on large and well-established concerns. Nothing could be devised which would more effectively run counter to the long-established policy of the American government toward the maintenance of competition.

What, then, is the alternative? If the excess-profits tax has come to stay, as is probably the case, a slight change in the criterion employed would accomplish the desired result. What is needed is that the excess-profits tax should become a progressive income tax. It is significant that this is actually done already, where the capital criterion is impossible. The law provides that in every business without any capital, or with only a nominal capital, a tax of 8 per cent should be paid on the income, in addition to the income tax. This provision has, indeed, the awkward result of making earned income pay at a higher rate than unearned income;[1] but it is none the less significant. The individual income tax is levied on a highly progressive scale, but the corporate income tax is proportional. All of the desirable ends sought to be achieved by the excess-profits tax would be reached by converting the corporate income tax into a progressive tax. Graduation would then be applicable in both cases, the only difference being that while the test of ability to pay would be sought for the individuals primarily in the sacrifice imposed, it would be found for the business primarily in the privilege enjoyed.

The objection might indeed be made that such a progressive tax is inimical to large business. This is true, however, only

[1] *Supra*, p. 22.

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in the sense that a progressive income tax is inimical to large income or a progressive property tax inimical to large property. That is a characteristic inherent in the very idea of graduated taxation. The point is, however, that if we are to have a tax on excess profits at all, we must choose between a higher tax on big business and a higher tax on small business and new enterprise. From the point of view of social welfare there is little doubt as to the wise choice.

VI

Conclusion

In summing up the above discussion we see that the new law is to be credited with three noteworthy achievements. In the first place, it will yield the most colossal revenue that has ever been attempted by a single enactment. To add, at one stroke, over two and one-half billions to the public income is an unprecedented accomplishment. It is true that war taxation covers only about a sixth of the war expenditure; but it must not be forgotten that this is far more than has been done by any of the belligerents except Great Britain and that it is considerably more than even Great Britain attempted during the first two years of war. It is entirely probable, as it is highly desirable, that increased taxation should be imposed during the successive years of the war. A good beginning, however, has been made and it is fortunate that our legislators did not at this time succumb to the specious arguments of those who urged that substantially all, or even half, of the huge war expenditures should be defrayed out of taxes during the first year of war.

Second, the law is noteworthy for an adoption of democratic principles hitherto unrealized in fiscal history. To impose the great burden of taxation on wealth and luxurious consumption rather than on the expenditure of the mass of the people is to take an appreciable forward step in the direction of realizing the principle of ability to pay. The consequence of this stride in advance will doubtless be a lasting one, and we may well look forward to a perpetuation of the same principle after the war.

In the third place, the law is to be credited with the adoption of an ingenious expedient in the shape of the excess-profits tax

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This, as we have pointed out, is not an excess war-profits tax, but a war excess-profits tax. That is, although imposed as a result of the war, it is a business tax on excess profits in general. This constitutes at once its distinction from the superficially similar taxes abroad and its claim to recognition as a probably permanent feature of our tax system. It is susceptible of vast increase during the war and of a continued applicability after the war. It is not at all impossible that it may even develop into the most important constituent of our revenue system.

As against these undoubted accomplishments are to be set three weaknesses. The first is the failure adequately to utilize other fiscal possibilities such as larger and additional stamp taxes, notably on checks and small receipts, as well as taxes on quasi-luxuries. For the latter would at the same time serve to promote the desirable policy of restoring the favorable balance between social production and social consumption, so sorely needed in the war.

The second weakness is the failure to introduce the long awaited reforms in the administrative provisions of the income tax. Not a little, it is true, has been accomplished; but the enormous scale on which the tax is now levied accentuates the defects of those still existing omissions and commissions which were relatively innocuous under the preceding lower scale.

The third and most important drawback is the unfortunate principle adopted in the elaboration of the excess-profits tax. It is a principle which will return to plague the inventors. The law will in all probability be found to be almost unworkable, and even if this should not be the case, its technical success will be purchased at the cost of gross inequality and of unfavorable effects on the true elements of economic prosperity.

Balancing the strong against the weak points of the law we may conclude that while the former represent lasting advantages, the latter are susceptible of amelioration by comparatively simple changes. Taking it all in all, therefore, the war revenue act is to be welcomed as a notable achievement which will long be remembered in the annals of democratic progress.

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APPENDIX

TABLE I

TAXES ON SPIRITS, BEVERAGES AND TOBACCO

		OLD RATE	ACT OF 1914	ACT OF 1916	ACT OF 1917
Distilled spirits					
For beverages	per gal.	$1.10	$1.10	$1.10	$3.20
For non-beverages	per gal.				2.20
Imitation sparkling wine	per pint	.10	.10	. .	. .
Rectified (supplementary)	per gal.	. .	. .	. .	.15
Grape brandy	per gal.	.03	.55	.10	.20–30
Still wines					
14 per cent or less alcohol.	per gal.	. .	.08	.04	.08
14–21 per cent alcohol	per gal.	. .		.10	.20
21–24 per cent alcohol	per gal.	. .		.25	.50
Over 24 per cent alcohol	per gal.	. .		1.10	3.20
Sparkling wines	per ½ pint	. .	.03	.03	.06
Artificially carbonated waters.	per ½ pint	. .	.015	.015	.03
Liquors, cordials etc.	per ½ pint	. .	.015	.015	.03
Sirups and extracts		. .	. .	. .	.05–.20
Soft drinks and mineral waters	per gal.	. .	. .	. .	.01
Carbonic acid gas	per pound	. .	. .	. .	.05
Fermented liquors	per barrel	1.00	1.50	1.50	3.00
Tobacco and snuff	per pound	.08	.08	.08	.13
Cigars					
Weighing more than 3 pounds per 1000	per 1000	3.00	3.00	3.00	. .
To retail for less than 4 cents each	per 1000	. .	. .	. .	3.00
To retail for 4–7 cents	per 1000	. .	. .	. .	4.00
To retail for 7–15 cents	per 1000	. .	. .	. .	6.00
To retail for 15–20 cents	per 1000	. .	.	. .	8.00
To retail for over 20 cents.	per 1000	. .	. .	. .	10.00
Weighing not more than 3 pounds per 1000	per 1000	.75	.75	.75	1.00
Cigarettes					
Weighing more than 3 pounds per thousand	per 1000	1.25	1.15	1.25	2.05
Weighing not more than 3 pounds per 1000.	per 1000	3.60	3.60	3.60	4.80
Cigarette paper or tubes.	per pack	. .	. .	. .	.005–.02

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TABLE II

EXCISES AND MISCELLANEOUS TAXES[1]

		OLD RATE	ACT OF 1917	EXISTING RATE
Colored oleomargarine	per pound	10 cents	. .	10 cents
Non-colored oleomargarine	per pound	¼ cent	. .	¼ cent
Adulterated butter	per pound	10 cents	. .	10 cents
Process butter	per pound	¼ cent	. .	⅝ cent
Filled cheese	per pound	1 cent	. .	1 cent
Mixed flour	per barrel	4 cents	. .	4 cents
Opium	per pound	$300	. .	$300
Phosphorus matches	per 100	2 cents	. .	2 cents
Bank circulation	per month	½ of 1 per cent	. .	½ of 1 percent
State bank notes	. .	10 per cent	. .	10 per cent
Automobiles and motorcycles	. .	. .	3 per cent	3 per cent
Musical instruments	. .	. .	3 per cent	3 per cent
Moving picture films	per foot	. .	¼–½ cent	¼–½ cent
Jewelry	. .	. .	3 per cent	3 per cent
Sporting goods and games	. .	. .	3 per cent	3 per cent
Patent medicines	. .	. .	2 per cent	2 per cent
Cameras	. .	. .	3 per cent	3 per cent
Boats and yachts	per foot	. .	50¢–$2	50¢–$2
Admissions	per 10 cents	. .	1 cent	1 cent
Dues	over $12	. .	10 per cent	10 per cent
Munitions manufacturers	on net profits	12 per cent[2]	10 per cent	. .

[1] For other taxes now called excises or taxes on facilities, see table iv, STAMP TAXES.

[2] Act of 1916.

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TABLE III

SPECIAL TAXES

	OLD RATE	ACT OF 1914	ACT OF 1916	EXISTING RATE
Rectifiers	$100–200	. .	. .	$100–200
Liquor dealers	25–100	. .	. .	25–100
Dealers in malt liquors	20–50	. .	. .	20–50
Manufacturers of stills	50, +20 per still	. .	. .	50, +20 per still
Brewers	50–100	. .	. .	50–100
Dealers and manufacturers of				
Filled cheese	12-250-400	. .	. .	12-250-400
Adulterated butter and colored oleomargarine	48-480-600	. .	. .	48-480-600
Non-artificially colored oleomargarine	6-200-600	. .	. .	6-200-600
Manufacturers of process butter	50	. .	. .	50
Manufacturers and packers of mixed flour	12	. .	. .	12
Manufacturers or distributors of opium	1	. .	. .	1
Manufacturers of tobacco				
Sales not over 100,000 pounds	. .	$6	. .	. .
to sales over 1 million pounds	. .	2,496	. .	. .
Sales not over 200,000 pounds	. .	. .	$3–12	$3–12
Sales over 200,000 pounds	. .	. .	8¢ per 1000 lbs.	8¢ per 1000 lbs.
Manufacturers of cigars				
Sales not over 100,000 cigars	. .	3	. .	. .
to sales over 40 million pounds	. .	2,496	. .	. .
Sales not over 400,000 cigars	. .	. .	$2–12	$2–12
Sales over 400,000 cigars	. .	. .	5¢ per 1000	5¢ per 1000
Manufacturers of cigarettes				
Sales not over 1 million cigarettes	. .	12	3¢ per 10,000	3¢ per 10,000
To sales over 100 million "	. .	2,496		
Dealers in leaf tobacco	. .	6–24	. .	. .
Dealers in tobacco, sales over $200	. .	4.80	. .	. .
Bankers in tobacco per $1,000 capital	. .	1	. .	. .
Brokers	. .	30	$30	$30
Pawnbrokers	. .	50	50	50
Commercial brokers	. .	20	. .	. .
Ship brokers	. .	. .	20	10
Custom house brokers	. .	10	10	10
Commission merchants	. .	20	. .	. .
Corporations per $1,000 capital	. .	. .	50¢	50¢
Proprietors of				
Theaters, museums and concert halls	. .	$12.50–100	$12.50–100	$12.50–100
Circuses	. .	100	100	100
Other exhibitions	. .	10	10	10
Bowling alleys and billiard rooms per alley or table	. .	5	5	5

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TABLE IV

STAMP TAXES

		OLD RATE	ACT OF 1914	ACT OF 1917
Bond and stock issues	per $100		5¢	5¢
Sales of stock	per $100		2¢	2¢
Sales on produce exchanges	per $100		1¢	2¢
Promissory notes			2¢	2¢
Bills of lading			1¢	
Bonds (except legal)			50¢	
Indemnity and surety bonds				50¢
Certificates of profit	per $100		2¢	
Certificates of damage			25¢	
Other certificates			10¢	
Brokers' notes			10¢	
Conveyances	per $500		50¢	50¢
Custom-house entries			25¢–$1	25¢–$1
Powers of attorney			10¢–25¢	25¢
Protests			25¢	
Cotton futures	per pound		2¢ [1]	2¢ [5]
Proxies				10¢
Passage tickets			$1–5	$1–5
Playing cards	per pack	2¢		5¢ [6]
Parcels-post packages	per 25¢			1¢
Freight				3% [2]
Express packages	per 20¢			1¢ [2]
Passenger fares				8% [2]
Pullman tickets			1¢	10%
Pipe-line transportation				5% [2]
Telegraph and telephone (over 15 cents)			1¢	5¢ [3]
Insurance				
Fire, marine and casualty	per $1 of premium		½¢	1¢ [3]
Life	per $100 of policy			8¢ [2]
Perfumery and cosmetics				
Price 5–25 cents	per package		⅛–⅝¢	2% [4]
Over 25 cents	per package		⅝¢ per 25¢	
Chewing gum	per $1.00		4¢	2%

[1] Imposed by the Cotton Futures Act of Aug. 18, 1914.

[2] Not called stamp taxes, but taxes on facilities etc.

[3] No longer called stamp taxes, but taxes on facilities etc.

[4] No longer called stamp taxes, but excise taxes.

[5] No change in the act of 1917.

[6] Making total existing rate 7 cents per pack.

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TABLE V

INCOME TAX

OVER		ACT OF 1913 SURTAX PER CENT	ACT OF 1913 TOTAL RATE PER CENT	ACT OF 1916 SURTAX PER CENT	ACT OF 1916 TOTAL RATE PER CENT	ACT OF 1917 ADDITIONAL SURTAX PER CENT	ACT OF 1917 TOTAL SURTAX PER CENT	ACT OF 1917 TOTAL RATE PER CENT
$5,000 to	$7,500	. .	1	. .	2	1	1	5
7,500 to	10,000	. .	1	. .	2	2	2	6
10,000 to	12,500	. .	1	. .	2	3	3	7
12,500 to	15,000	. .	1	. .	2	4	4	8
15,000 to	20,000	. .	1	. .	2	5	5	9
20,000 to	50,000	1	2	. .	2	. .	. .	. .
20,000 to	40,000	. .	. .	1	3	7	8	12
40,000 to	60,000	. .	. .	2	4	10	12	16
50,000 to	75,000	2	3	. .	. .	. .	. .	. .
60,000 to	80,000	. .	. .	3	5	14	17	21
75,000 to	100,000	3	4	. .	. .	. .	. .	. .
80,000 to	100,000	. .	. .	4	6	18	22	26
100,000 to	150,000	. .	. .	5	7	22	27	31
100,000 to	250,000	4	5	. .	. .	. .	. .	. .
150,000 to	200,000	. .	. .	6	8	25	31	35
200,000 to	250,000	. .	. .	7	9	30	37	41
250,000 to	300,000	. .	. .	8	10	34	42	46
250,000 to	500,000	5	6	. .	. .	. .	. .	. .
300,000 to	500,000	. .	. .	9	11	37	46	50
500,000 to	750,000	. .	. .	. .	. .	40	50	54
500,000 to	1,000,000	. .	. .	10	12	. .	. .	. .
500,000.		6	7	. .	. .	. .	. .	. .
750,000 to	1,000,000	. .	. .	. .	. .	45	55	59
1,000,000 to	1,500,000	. .	. .	11	13	. .	61	65
1,000,000.		. .	. .	. .	. .	50	. .	. .
1,500,000 to	2,000,000	. .	. .	12	14	. .	62	66
2,000,000.		. .	. .	13	15	. .	63	67

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THE EUROPEAN COMMISSION OF THE DANUBE: AN EXPERIMENT IN INTERNATIONAL ADMINISTRATION[1, 2]

"Il ne peut porter ombrage à personne,
puisque tout le monde y est soumis."—Count Károlyi.[3]

AT the conference between the Bolsheviki and the Germans, held at Brest-Litovsk during the closing days of last year, the Danube River Commission received a new importance from the demand of the Central Powers that the commission be so reorganized as to include Bulgaria. As this proposal indicates that the navigation of the Danube will be discussed when peace comes to be made, it is timely to recall the history of the European Commission of the Danube; doubly timely, indeed, as this commission is one of the most successful and suggestive experiments in international administration, a policy which under the leadership of President Wilson is now, happily, making rapid headway.

Before the Crimean War the commerce of the Lower Danube was greatly hampered by the quarantine regulations imposed by Russia, which since 1829 had practically usurped control of the river mouths by establishing a series of quarantine stations.

[1] Address of the president of the Pacific Coast Branch of the American Historical Association at the annual meeting held in Berkeley, California, November 30, 1917. Slight alterations have been made to conform to developments in Europe.

[2] The sources consulted in the preparation of this article include: Recueil de documents relatifs à la liberté de navigation du Danube, by D. Sturdza, (Berlin, Puttkammer & Muhlbrecht); Les travaux de la Commission Européenne des bouches du Danube, 1859 à 1911, by D. Sturdza, (Vienne, Librairie Gerold & Co.); British and Foreign State Papers; British Parliamentary Papers: 1882, Vol. lxxx (C. 3253), (C. 3392), 1883, Vol. lxxxii (C. 3525), (C. 3526), (C. 3527), (C. 3591), (C. 3804); French Diplomatic Documents: Affaires étrangères, Navigation du Danube; Conference et traité de Londres (1883); Notice sur les travaux d'amélioration de l'embouchure du Danube et du bras de Soulina, 1857–1891. The reports of the British commissioners are found in Parliamentary Papers: 1872, lxx (C. 467), 1878, lxxxii (C. 1976), 1894, xc, (C. 7502) and 1907 Commercial, no. 9.

[3] Speaking of the proposed Commission Mixte for the Upper Danube, British and Foreign State Papers (hereafter abbreviated—B. F. S. P.), 74, p. 1240.

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Besides these restrictions, there were natural obstacles which hindered the trade of the Danubian states. Complaints were made, chiefly by Austria at first, but by others after the adoption of free trade by Great Britain stimulated grain shipments from the Danube, that Russia was not only doing nothing to dredge the silted channel, but that she was, on the contrary, aggravating the already bad conditions for the very purpose of hindering commerce on the Danube and increasing that of Odessa.[1] Grain ships and other cargoes were continually shoaling on the river bed, which ever shifted with flood and drought. This meant lighterage, and gave a profitable business to river barges, manned chiefly by Greeks, who were regarded and denounced as pirates, and were charged with being in collusion with river pilots to run ships aground, and with stealing freely from the cargoes.[2] But no redress could be had, and recrimination waxed ever more bitter until the Crimean War led to an adjustment.

The suggestion to establish an international commission to free the river from impediments seems to have originated with Charles Cunningham, British vice-consul at Galatz, who in a report of September 30, 1850, proposed as one of several methods "that the different nations interested in the navigation of the Danube should name Commissioners (as seems to be done on the Rhine), and the Commission to attend to the duties of clearing the Sulina,"[3] a branch of the Danube delta.

This suggestion was elaborated in a memorandum[4] of the plenipotentiaries of Austria, France and Great Britain, addressed to Prince Gortchakoff of Russia, setting down certain fundamental principles. The second principle was thus stated:

To give the freedom of navigation of the Danube all the development possible, it appears desirable that the course of the Lower Danube,

[1] B. F. S. P., 44, p. 457.

[2] Report of Colonel Stokes on Improvements in the Danube since 1856; British Blue Books 1871, Commercial 467. Also Bey, Voisin, Notice sur les Travaux d' Amélioration de l' Embouchure du Danube et du Bras de Soulina, 1857-1891, 11 n. See also correspondence between Great Britain and Russia respecting obstacles to navigation of the Danube, 1849-1853, B. F. S. P., 44, pp. 417-476.

[3] B. F. S. P., 44, p. 439.

[4] Dec. 28, 1854.

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from the point where it becomes common to two riverain states, should be withdrawn from the existing territorial jurisdiction. . . . In any case the free navigation of the river cannot be assured unless it is placed under the control of a syndical authority invested with the powers necessary to remove the now existing obstacles at the outlets of the stream, or which may form there later.[1]

In the conferences to discuss these principles, Baron Prokesch-Osten, one of Austria's delegates, read a statement[2] giving his views as to the best procedure. He proposed among other measures that the principles for international rivers developed at the Congress of Vienna be applied to the Danube from the point where the river becomes common to the two states, Austria and Turkey.

In the ensuing article-by-article discussion, the debate turned almost wholly on the establishment of the proposed European and Riverain Commissions, on the question of their effect on the sovereignty of the contracting states, and on the representation of nations in them.

The Russian plenipotentiaries objected to the use of the word "syndicat," because it was vague and new.[3] The intention, said Gortchakoff, was to assure free navigation of the river; therefore the regulative commission, designated as a "syndicat," should have a scientific and technical character; should be concerned with commerce, and should be kept free of all political considerations. To this Baron Bourqueney of France replied that political considerations could not be wholly excluded from a matter which had risen to the importance of a European guarantee; that the notorious failure to open the Danube justified the greatest precautions, and that therefore the syndicate ought to represent the interests of all. Prince Gortchakoff replied that if the word "syndicat" implied any exercise of sovereignty he must oppose it.[4] The discussion continuing in a later conference, Prince Gortchakoff stated that his objections

[1] B. F. S. P., 45, p. 53.

[2] March 21, 1855. B. F. S. P., 45, pp. 68-78.

[3] B. F. S. P., 45, p. 69.

[4] *Ibid.*, 45, p. 69.

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to the term were not directed against the institution itself, but were designed to discover a word better adapted to express the idea intended. It was finally agreed to substitute the phrase "European commission" for the word "syndicat."[1]

Another point of difference was upon the representation of the nations in the commission. Lord John Russell on behalf of England expressed the desire of his government to be represented upon the executive commission, otherwise known as the Riverain Commission, on the ground of England's important interests in the Danube. To this the plenipotentiaries of Austria replied that, according to the Act of the Congress of Vienna, commissions of this kind should be composed of the delegates of riverain states, and that in so far as this concerned that part of the Danube which traversed her territory, Austria would insist on this principle.[2] Eventually Russell proposed that if the Riverain Commission were composed of delegates of the riverain states only, the European Commission, having general control of the freedom of navigation, should be permanent. Objections being raised against the necessity and the utility of such permanence, Russell proposed that the European Commission should not be dissolved without unanimous consent. This proposal met with acceptance, and a new article was drafted embodying these arrangements.[3]

The proposal to neutralize the delta of the Danube, in so far as it affected the liberty of movement and action of the permanent commission, met with determined opposition on the part of the Russian plenipotentiaries. Gortchakoff said that he would not at all consent to a combination which was in effect an indirect expropriation. As to the idea of granting the rights of extraterritoriality to the members of the commission, Gortchakoff observed that this would be applying to Russia a principle which had so far been applied only to the seaports of the Levant. Lord John Russell observing that if neither neutralization nor extraterritoriality were accepted, it would be necessary to define and enumerate exactly the powers of the perma-

[1] B. F. S. P., 45, p. 74.

[2] *Ibid.*

[3] *Ibid.*

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nent commission, Gortchakoff replied that he would willingly consent to an agreement on that subject; though he was bound to say that the proposals thus far presented had no purpose other than to hinder the navigation of the Danube, while Russia on the contrary was anxious to obtain its complete development.

When the question was taken up in a later session, the Russian plenipotentiaries declared that they would not oppose any combination which should be shown to be necessary to attain the complete freedom of navigation, but that they were opposed to such arrangements as the neutrality of the delta, which in their opinion went beyond that purpose, and indeed, was in certain respects opposed to its realization. Baron Prokesch in discussing the meaning of the word "neutrality" in this case, stated that when he introduced the word into his original draft, he had given it no political significance.[1] He added that if, in his opinion, the neutrality or even the surrender of the delta had been indispensable to secure the free action of the commissions, he did not think it would have been going beyond the bounds of moderation to formulate such a principle in the interest of Europe, since it was accepted in principle by Russia, and especially since the isles themselves seemed to have no real value for Russia. After vainly examining various proposals, nothing more was possible than approval of the vague statement that "Russia binds herself to aid in every way the action of the permanent congress."

The agreements arrived at in the various sessions of the plenipotentiaries were embodied in a memorandum which, with some changes,[2] became the basis of the article incorporated in the Peace of Paris at the close of the Crimean War.

The passages in the Peace of Paris relating to the new joint agent may be summarized as follows:

The European nations declare that the arrangement respecting the Lower Danube "henceforth forms a part of the public

[1] B. F. S. P., 45, pp. 76-78.

[2] In the Treaty of Paris the jurisdiction of the commission was limited to the portion of the river from Isatcha to the sea, whereas in the preliminary draft above it included the portion from Galatz to the sea (B. F. S. P., 45, p. 78).

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law of Europe," and is placed under their guarantee. The regulations of police and quarantine shall rest upon the basis of facilitating as much as possible the passage of vessels, and with the exception of these regulations no obstacle whatever shall be opposed to free navigation of the river by any of the nations concerned.

The European Commission was established by Article XVI:

With a view to carry out the arrangements of the preceding Article, a Commission, in which Great Britain, Austria, France, Prussia, Russia, Sardinia, and Turkey, shall each be represented by one delegate, shall be charged to designate and to cause to be executed the Works necessary. . . .

In order to cover the Expenses of such Works, as well as of the establishments intended to secure and to facilitate the Navigation at the Mouths of the Danube, fixed Duties, or a suitable rate, settled by the Commission by a majority of votes, may be levied, on the express condition that, in this respect as in every other, the Flags of all Nations shall be treated on the footing of perfect equality.

The Riverain Commission was created by Article XVII:

A Commission shall be established, and shall be composed of delegates of Austria, Bavaria, the Sublime Porte, and Würtemberg (one for each of these Powers), to whom shall be added Commissioners from the Three Danubian Principalities [1] whose nomination shall have been approved by the Porte. This Commission, which shall be permanent: 1. Shall prepare Regulations of Navigation and River Police; 2. Shall remove the impediments, of whatever nature they may be, which still prevent the application to the Danube of the arrangements of the Treaty of Vienna; 3. Shall order and cause to be executed the necessary Works throughout the whole course of the River; and 4. Shall, after the dissolution of the European Commission, see to maintaining the Mouths of the Danube and the neighboring parts of the Sea in a navigable state.

Article XVIII: It is understood that the European Commission shall have completed its task, and that the River Commission shall have finished the Works described in the preceding Article, Nos. 1 and 2, within the period of two years. The signing Powers assembled in Con-

[1] Moldavia, Wallachia, Serbia.

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ference having been informed of that fact, shall, after having placed it on record, pronounce the Dissolution of the European Commission, and from that time the permanent River Commission shall enjoy the same powers as those with which the European Commission shall have until then been invested.[1]

The European Commission of the Danube, created by the treaty, and consisting of seven delegates,[2] met and organized on November 4, 1856. It fixed its headquarters at Galatz, and appointed Charles Hartley chief engineer. Its position was as follows: It depended for funds on Turkey, which had agreed to advance them and had declined the participation of other nations; it had no basis for an opinion as to the best way to attack the river problem; it found river traffic paralyzed; it was expected to complete the opening of the stream in two years.[3]

In its instructions of April 8, 1857, to the chief engineer, the commission called for a detailed report of the three branches of the delta as a basis for selecting that in which the definitive work should be undertaken. Hartley declared that the exigency of time prevented an exhaustive research of this sort, and expressed the opinion that available data justified attempting provisional works in the Sulina Channel.[4] Mindful of the fact that its appointment was for two years only, and anxious to avoid the charge of delay and costliness, the commission de-

[1] As the subsequent relations of the European and the Riverain Commission are complex and confusing, it is worth while giving a summary at this point. The European Commission, consisting of representatives of the greater nations, was appointed for two years and was to install the works for opening the river. It was then to turn the management over to the Riverain Commission, composed of delegates of the states bordering on the river. The riverain states were eager to get the control of the river into their own hands, and the non-riverain states, loath to lose control, sought to keep the European Commission alive. In this they were successful, and despite strong insistence from the riverain states the Riverain Commission never came into power, and was presently wholly abandoned.

[2] Rumania was represented after it became independent, 1878.

[3] Protocol 16, Congress of Paris, Mar. 27, 1856. B. F. S. P., 46, p. 107; Stokes (First Commissioner of Great Britain); Bey, The Danube and its Trade, p. 10, n. 3.

[4] Bey, pp. 10-13.

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cided to try first-aid methods in the form of dredges. This experiment speedily demonstrated that no simple remedy could possibly cure the trouble, and also tended to exculpate Russia from many of the charges previously made.[1] A comprehensive report of the chief engineer made on October 17, 1857,[2] cleared up many of these points, but not before objections were heard. The technical advisers of the British government declared that the provisional works on the Sulina were merely money thrown into the sea, and the government twice telegraphed its commissioner to cause the work to be suspended. Having voted with his colleagues, these instructions placed the commissioner in a quandary between his national and his international duty. Legally he was clearly bound to execute the mandate of his nation; morally he—and his nation—were bound by his vote as a commissioner. It later developed that three other governments had sent similar instructions to their delegates.[3] Thus four out of seven sovereign nations had given an order to stop work, but the work went on by reason of the existence of the commission. The incident is a poignant illustration of the tendency of a joint agent of nations to determine the action of its constituents.

Meanwhile, prolonged discussion on the branch to be developed went on without producing any agreement; and, the two years ending, it became necessary to refer the matter to the powers.[4] In the conferences held by them, a sharp clash arose over the continuance of the European Commission beyond the

[1] Bey, pp. 15-16, 148, n.

[2] Extracts, Bey, pp. 16-43.

[3] Bey, p. 148, n.

[4] Four powers, England, France, Prussia and Sardinia, in 1858 appointed a special technical commission, which in 1858 reported in favor of developing the Saint Georges branch. This report was accepted. In the meantime, however, the European Commission, with a view to facilitating commerce, temporarily constructed provisional works on the Sulina branch, which were finished in 1861 (Bey, p. 426). The unexpectedly great estimates of cost for improving the Saint Georges channel, the delay occasioned by the competing Tchernavoda-Constanza Railroad, and the fact that the provisional works on the Sulina yielded results beyond all expectations, led the powers in 1865 to decide to make the Sulina works permanent (Bey, pp. 48, 429.).

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period of two years provided by the treaty. Austria and Turkey, both riverain states, spiritedly opposed lengthening its life. Long and heated discussion brought no agreement, and the five non-riverain Powers—finally supported by Turkey—resolved that the European Commission should finish the work it had begun. Austria entered reservation, but was helpless by virtue of the treaty stipulation that the European Commission could be dissolved by unanimous consent only.[1] It is another illustration of the compelling force of an international joint agent that Austria did not exercise the right she undoubtedly possessed to withdraw from the whole affair.

The conferences of the Powers on the opening of the river continued into 1860, when work was temporarily suspended because a railway from Tchernavoda to Constanza, begun with British capital, threatened to compete with river trade.[2]

The unexpectedly satisfactory results yielded in the interval by the provisional works on the Sulina led to a decision to make those works permanent. Accordingly the seven powers through their plenipotentiaries issued the Public Act of November 2, 1865.[3] By this the European Commission of the Danube was charged, to the exclusion of any interference, with administering, maintaining and developing the works on the river, and was given power to settle the question of the channels to be chosen. In ratifying this convention, the Powers proposed to extend the life of the European Commission for an additional five years.[4] This was eventually approved, Russia, in accepting, stating that this period should be the outside limit not to be exceeded in any case.[5]

In 1871, at the expiration of the five years, the Powers, viewing the circumstance that the commission had contracted loans for the period, lengthened its life for twelve years, or to April 24, 1883. In 1878, the Treaty of Berlin gave Rumania repre-

[1] Bey, pp. 149-153.

[2] *Ibid*, pp. 46-48.

[3] B. F. S. P., 55, p. 93.

[4] March 28, 1866. B. F. S. P., 56, p. 624, abbrev. *cf.* Bey, p. 161 *et seq.*

[5] Bey, p. 169.

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sentation on the commission, and extended the jurisdiction of the body to Galatz.[1]

When the twelve years expired in 1883, a European conference continued the Danube Commission for a period of twenty-one years from April 24, 1883, and provided for an automatic renewal after that for periods of three years, subject to denunciation with a year's notice, at the expiration of any triennium. The jurisdiction of the commission was extended from Galatz to Braïla.[2] The Riverain Commission was not again brought into the discussion.

Conformably to the terms of this arrangement, the commission has since 1904 been renewed by three-year periods. It outlasted the first years of the Great War, as is indicated by the appointment of a new commissioner by France in 1916 to succeed a deceased member. The fate of the commission since the conquest of the Danube delta by the Central Powers has not been discovered, and may from this time forward be disregarded.

[1] Art. LIII, Treaty of Berlin, 1878. Bulgaria and Serbia have resented the refusal to admit them on terms of equality into the commission. (B. F. S. P., 69, p. 765; and 74, p. 1231 *et seq.*) The matter has become one of Bulgaria's war aims and is incorporated in the German terms submitted to the Bolsheviki at Brest-Litovsk.

"Art. VIII.—Russia agrees that the administration of the mouth of the Danube be intrusted to a European Danube commission, with a membership from the countries bordering upon the Danube and the Black Sea. Above Braïla the administration is to be in the hands of the countries bordering the river." (*N. Y. Times*, Jan. 3, 1918.) Whether this means, as it may, that the Central Powers propose to have a riverain instead of a European Commission of the Danube remains to be seen. If that is their purpose it ought to fail. For a watercourse of the character of the Danube is of international importance and interest, and the erection of a local national control runs contrary to both the needs of the case and the spirit of the times. If any change is made in the control of the Danube it ought to be in the direction of wider international control. The proposal to give Bulgaria a seat on the commission is directly connected with the fact that Bulgarian forces now hold the Lower Danube, and indicates Bulgaria's intention to retain the Dobrudja, and in consequence to be entitled to representation on the commission as a riparian state.

[2] Certain changes were, at Russia's instance, made in the jurisdiction of the Kilia branch of the delta; and the navigation and police regulations enacted in 1882 by the Danube Commission with the assistance of Serbia and Bulgaria were declared applicable to that part of the Danube between Braïla and the Iron Gates (B. F. S. P., 74, pp. 20-22).

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It is high time to examine more closely the constitution, the powers and the jurisdiction of the commission born into history with such travail and nurtured through infancy into youth with such grave concern and skilful solicitude. By way of preliminary it must be observed that as a matter of course no international commission is legally superior to the nations creating it. The nations erecting the Danube Commission were sovereign states, and each was free to approve or veto the proposal. If, then, they approved of this joint agency, it goes without saying that they guarded their sovereign independence in every way possible. Accordingly they carefully enumerated the powers to be enjoyed by the commission, reserved the right to approve or reject its findings, and jealously limited its life to prevent its getting out of hand. Still, however free a person may be to make or refuse an engagement, once the engagement is made, there is a contractual and moral obligation which replaces the former foot-looseness. This applies to nations, as the events of the last years show. Indeed, the nations formally accepted the principle when on Russia's abrogation of the neutralization of the Black Sea, the following action was taken:

> The plenipotentiaries of North Germany, of Austria-Hungary, of Great Britain, of Italy, of Russia, and of Turkey, meeting today in conference have agreed that it is an essential principle of the law of nations that no Power can unbind itself of the obligations of a treaty or qualify its stipulations, except with the consent of the contracting parties by way of an amicable agreement.[1]

Thus a treaty is in itself virtually a restriction of untrammeled sovereignty. Now if the treaty, instead of merely pledging its signatory to some course of action, as its own interpretation of the agreement shall dictate, creates some common agent, the mere existence of such an agent tends to place decision in his hands and to take it from the several contracting parties, or, put in another way, the presence of a joint agent makes it more embarrassing and difficult for a nation to

[1] London, Jan. 17, 1871. B. F. S. P., 61, pp. 1198-9.

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go an independent or contrary course. Thus one may for practical purposes distinguish between the legal sovereignty of the contracting nations and their moral obligation—often enforced by public opinion—to heed a commission. In most cases of arbitration the parties have enjoyed the legal right to reject the award; but they have very rarely employed it.

The moral sovereignty—if one may use a somewhat exaggerated phrase—of an international joint agent becomes more effective for good, because it offers an organ through which nations can approach one another on the basis of common or united action, instead of as rivals, as is the case in an ambassadorial conference. Not that rivalries are not carried into commissions, but the fundamental conception of a commission is co-operation, whereas ambassadors represent competition.

Considering the moral strength of a commission, it is no wonder that nations are jealous of the powers they confer on it, and that they scrutinize every proposal with the greatest care to ascertain whether it conceals a surrender of national sovereignty. The wonder then is that a commission like that of the Danube enjoyed such great powers as it did.

During its earlier years, the commission was jealously regarded from all quarters, and during this period of trying to make good it lived a sort of hand-to-mouth existence. The agreements reached by it had chiefly to do with raising revenues. The adoption of regulations for its own procedure, for police, navigation and so forth, was hampered by the original plan to replace the European Commission by the permanent Riverain Commission. However, when in 1865 the achievements of the European Commission induced the powers to continue it, the elaboration of its rights and duties could be postponed no longer. This need was satisfied by the plenipotentiaries of the powers at Galatz, in a Public Act with an Annex containing the Regulations of Navigation and Police and the tariff.[1]

[1] Nov. 2, 1865. B. F. S. P., 55, p. 93 *et seq.* This replaced a provisional regulation of navigation and police, November 21, 1864 (B. F. S. P., 55, p. 119). It was in turn replaced on November 8, 1870 (*ibid.*, 62, p. 540 *et seq.*), on November 10, 1875 (*ibid.*, 67, p. 639 *et seq.*), on May 19, 1881 (*ibid.*, 78, p. 325 *et seq.*),

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A summary of this act and of later acts and revisions is best arranged topically.

The initial function of the Danube Commission concerned the mastery of the river obstacles, a thing that jealous competing nations had not been able to accomplish. Accordingly the commission was armed with discretion in technical matters by Article XVI of the treaty, quoted above, which charged it "to designate and to cause to be executed the works necessary . . . to clear the Danube." In 1865 the commission was further charged "to the exclusion of all interference whatever, to administer these works and establishments for the advantage of the navigation, to watch over their maintenance and preservation, and to give them all the development that the requirements of the navigation may demand." At the same date its discretion was virtually extended to the choice of the proper channel to be developed, which had from the first been largely a political matter.[1] The Powers even agreed that no quays or jetties or other establishments of that nature could be constructed in designated areas by either the territorial authorities or private concerns, unless the plans had been communicated to the European Commission and had been recognized as being in conformity with its general program.[2]

The methods it employed for the exercise of its control and the agents through whom it should act were laid down by the powers in conference in elaborate regulations of navigation and police. Considering that these regulations were approved by the powers themselves in a conference, it is astonishing to read that "the present regulation . . . may be modified, according to need, by the European Commission"—surely a prerogative of no mean significance.[3] Indeed in one instance the commission exceeded its powers, in establishing a pilot service from

and on May 21-8, 1891; Sturdza: *Recueil de Documents relatifs à la liberté de Navigation du Danube*, pp. 687-808. There were special regulations for the river between Braïla and the Iron Gates, June 2, 1882 (Bey, p. 346), and March 10, 1883 (B. F. S. P., 74, p. 23 *et seq.*).

[1] B. F. S. P., 55, pp. 94-95, Art. II, III.

[2] *Ibid.*, Art. VI.

[3] *Ibid.*, 55, p. 119, Art. CXII.

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the sea as far as Braïla; but the act was allowed because of its urgent necessity.[1]

The exercise of navigation on the Lower Danube was placed under the authority of the Inspector General and the Captain of the Port of Sulina, who are named and paid by the Sublime Porte, but who carry out the regulations enacted by the powers, under the "direction of the European Commission, and as invested with an international character."[2] The commission may accordingly request their dismissal of the Sublime Porte. The latter may institute an inquiry, which the commission has a right to attend by delegate, but it must without delay remove the agent whose culpability is proved.

The two officers were endowed with limited judicial functions, being empowered to decide summarily on disputes arising between captains of the same nationality as the contending parties, or, in default of them, of two other captains.[3] They were also authorized, each within his jurisdiction, to decide disputes between licensed pilots and merchant captains, if their intervention was sought by the latter.[4] They were further empowered to take cognizance of offenses committed within their jurisdictions against the regulations, and to pronounce the infliction of fines in the first instance, in accordance with the provisions of the act.[5] Appeals against these decisions were permitted within three months to the European Commission. "The judgment rendered on the appeal is final, and can be the object of no further proceedings whatever."[6] A similar procedure applies to attempts to evade fines.[7]

To give effect to its decisions the commission needed some sanction. Nor was this wanting. The Treaty of Paris permitted each of the contracting nations to station two light war vessels at the mouths of the Danube.[8] The function of these vessels was defined as follows:

[1] Stokes, Blue Books, 1871, Com. 467.
[2] B. F. S. P., 55, pp. 89, 96, 100-101.
[3] B. F. S. P., 55, Art. VI, p. 101.
[4] *Ibid.*, 55, Art. LXXIX, p. 112.
[5] *Ibid.*, Art. CVIII.
[6] *Ibid.*, Art. XV.
[7] *Ibid.*, p. 126.
[8] *Ibid.*, Art. XIX.

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Each naval force . . . . acts on the vessel of its own nationality, and upon those whose flag it is called upon to protect, whether by virtue of treaties or usage, or in consequence of a general or special delegation. In default of a vessel of war qualified to interfere, the international authorities can have recourse to the vessel of war of the territorial power.[1]

Whether the European Commission is permitted to summon the vessels of the several nations is not directly stated in this connection. The act is more explicit on this point in connection with attempts to evade tariffs, for it provides that commanders shall be called on to assure the payment of duties and of penalties affixed, with respect to vessels of their own nationality, and states:

The action of the ships of war shall be demanded *en règle* through the Captain of the Port of Sulina upon requisition of the accountant charged with the administration of the Navigation Cash Office. In default of a ship of war having power to coerce an offending vessel, the Captain of the Port shall have recourse to the intervention of the Ottoman man-of-war stationed at Sulina.[2]

The financial operations of the commission throw a further light on its powers and international character. The treaty, as the extract already given shows, empowered the commission to fix and levy equitable duties in order to secure the revenue to carry on its work. All questions of tariffs were to be decided by a majority of votes of the commission. To this highly important provision a great part of the success of the commission has been credited.[3] It need hardly be noted that majority rule prevents veto of an action by any one nation—thus favoring the one at the expense of the many—that majority rule results in making law for the minority, and that it therefore represents a truly profound abatement of national sovereignty. It is a principle well-nigh essential to the effective co-operation of states, and the fruits that come from its employment on the Danube urge its wider application.

[1] B. F. S. P., 55, p. 97, Art. XI.

[2] *Ibid.*, p. 127, Art. XVIII.

[3] Bey, p. 147, n.

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Though empowered to levy duties, the commission could not hope to get adequate revenue from this source until the river was opened to general traffic. Consequently it was at the beginning dependent on the Sublime Porte, which had reserved to itself the function of financing the river improvements in their first stages. True to this arrangement, the Turkish government from 1857 to 1860 supplied 3,739,540 francs, exclusive of divers other aids in material and the like estimated at about 80,000 francs. The arrangement was not without its drawbacks. Funds came irregularly, thereby often causing the commission serious embarrassment, or compelling it to stop work during the most favorable seasons. Several times, indeed, it was compelled to contract short-time loans at high interest rates to pay current expenses and to meet its contracts.

This situation was happily remedied once the improvements in the river permitted enough traffic to enable the levying of tolls. A provisional tariff was enacted by the commission July 5, 1860.[1] Opposition was expected from the vessels, but did not develop. The Porte voluntarily abandoned its right to supply funds, on condition that it be reimbursed for its advances. Eventually this resulted in taking the Navigation Cash Office at Sulina out of Turkey's control and placing it under the exclusive jurisdiction of the commission.[2] By these steps the commission became an international financial agent with considerable independence. It could by majority vote fix tariffs, could disburse at discretion, could acquire a surplus. But the novel prerogative was that the international commission could go into the money market and contract loans. Its first loans were made to repay the Turkish advances. In 1860 the Ottoman Bank of Galatz agreed to lend up to about 750,000 francs, but at the onerous rate of 12 per cent interest, beside 1 per cent commission. In 1862 the Nord-deutsche Bank of Hamburg lent the Commission 880,000 francs at 6 per cent

[1] There were various revisions, among them: March 7, 1863; Nov. 2, 1865; Apr. 26, 1867; Nov. 9, 1870; 1873; Dec. 31, 1880; Nov. 21, 1882; Dec. 2, 1884; Nov. 17, 1887; Nov. 19, 1889; Nov. 4, 1902 (Bey, pp. 370-388; Sturdza, *Les Travaux de la Commission Européenne des Bouches du Danube*, pp. 221–2).

[2] B. F. S. P., 72, p. 9, *cf.* 55, p. 98.

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interest and 5 per cent commission, payable in advance. These loans were virtually discharged by the end of 1865.[2] The decision reached in November of that year to make permanent the temporary works of the Danube foreshadowed new loans. Two and a half million francs were needed, but when the commission approached the banks it found that it lacked the credit necessary to borrow so large a sum, except on terms that were prohibitive. No solution was found until six of the powers represented in the commission jointly guaranteed the loan (April 30, 1868).[1] The salutary effect of this guarantee on the commission's credit was apparent in the loan of approximately three and a third million francs (3,375,000) with Bischoffsheim and Goldschmidt, London, at 4 per cent interest. Many other financial operations of a similar nature were conducted by the commission. When as a consequence of the Austro-Prussian War in 1866 the commission got into financial straits, it secured money by issuing bonds, offering the river tolls as security. To be sure, the rate of 10 per cent was high, but the significant fact is that the joint agent of the nations was developing a real identity and personality. Its venturesomeness was rewarded with complete solvency.

Passing by the matter of sanitary control, the commission enjoyed another attribute of sovereignty in its neutrality. Russia opposed the principle in its early stages, and kept it out of the treaty. With the passage of time the opposition waned, and in 1865 the Public Act of that year declared that "the works and establishments of all kinds created by the Commission . . . particularly the Navigation Cash Office at Sulina . . . shall enjoy neutrality . . . and shall be, in case of war, equally respected by all the belligerents."[3] How this neutrality has fared in the present war is not known.

As a final evidence of the personality of the joint agent of the Danube, one may note that after fifteen years of existence the commission was allowed to have its own insignia and flag.[4]

[1] British Blue Books, 1878, LXXXII (C. 2006), No. 14. [2] Bey, pp. 127–144.

[3] B. F. S. P., 55, p. 99, Art. XXI; *cf.* Art. VII, *ibid.*, 61, p. 10.

[4] B. F. S. P., 72, pp. 10-11.

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Such is the history, and such the achievement of the European Commission of the Danube, the most ambitious and the most successful experiment in international administration. It remains to consider what light this experiment throws on the problem of bridging the gap between sovereign states.

Three possible ways of doing this are easily discernible. One is by judicial methods, and finds strong support among those who advocate compulsory arbitration or a world court of one sort or another. The obvious difficulty is that no world court can hope to operate without some universal principles to apply, and these are not yet codified. This seems to indicate that those who urge world legislation by developing the Hague Conference into a genuine legislature are nearer the solution. But even if such a legislature could be secured, it would have the greatest difficulty in framing general laws or principles that would be applicable to a diversified earth.

The international administrative agent escapes these objections and has certain advantages. It is created to deal with a single problem, and adjusts itself, its procedure and action to the needs of its task, irrespective of how these principles apply to other, perhaps similar problems. Instead of trying to lay down a co-ordinated set of principles applicable to all the world, it is pragmatic, and does what is convenient in its own case. It may even reverse itself, a thing not possible where a universal law has been decreed. On the other hand, its own precedents are certain to have an influence upon its later actions, and thus there grows up a body of customary law, proved by experience. The international administrative agent enjoys all the advantages which accrue from customary law, and is free from the difficulties of a codified law, which springs into being full-fledged.

If the preceding be true of one commission, it will be true of others. Each will have its own problem, and its own solution; each will develop a body of custom that will harden into law. And by their several activities they will in a space of time develop a whole body of rules which will in effect be the foundation of the super-state itself.

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THE BRITISH RECONSTRUCTION PROGRAMS

INDUSTRIAL reorganization in England is a question of immediate practical urgency. Never since the industrial revolution has there been more widespread and thoroughgoing consideration of the weaknesses and needs of Britain's economic system. And never has there been a more realistic and constructive note in the proposals of reformers. The outcome may be uncertain, yet with such a critical attitude abroad substantial changes are inevitable. In order to understand the meaning of the various changes proposed it is necessary to examine first the operation of the forces that have been at work to compel the consideration of reconstruction; for reconstruction will not be a bolt from the blue, but a resultant derived from the clash of conflicting opinions and interests.

I

The first reason for the creation of a Reconstruction Ministry, which took place in 1916, and for the ensuing agitation upon this whole question, is that unrest in the industrial population has been constantly increasing. Official cognizance of this fact was taken by the appointment of a Commission of Enquiry into Industrial Unrest, in June 1916, "to enquire into and report upon the causes of industrial unrest and to make recommendations to the Government at the earliest practicable date."[1] A well-informed London correspondent says mildly:

> Some people have even developed a habit of talking of a revolution in Britain as if it were a matter of course, this group being divided between those who declare it will come during the war and those who regard it as a matter of certainty after the war.[2]

The causes of this revolutionary spirit are to a certain extent identical with the causes which have lent impetus to the discus-

[1] See Summary of Reports, Commission of Enquiry into Industrial Unrest, London, 1917. Cd. 8696.

[2] *Christian Science Monitor*, Nov. 1, 1917.

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sion of reconstruction. The fear of the workers that trade-union standards will not be restored, their hostility to the compulsory arbitration required by the Munitions Act, the growing separation between the rank and file of labor and its leaders—these have all created uneasiness in working-class circles and have turned the thought of the workers to ways and means of preventing a return to the pre-war industrial system, or at least to those features of it which were most objectionable to them.

In the second place, it is probable that the power now possessed by the "Triple Alliance" of trade unions is making the employers ponder the feasibility of some better system of checks and balances in the government of industry than is now known. For this alliance, composed of nearly two million employees of the railroads, the docks and the coal mines, is in a position to cripple the traffic of the islands if it determines to make a stand in behalf of its demands. Whenever labor has the balance of power, employers become suddenly interested in the creation of parliamentary machinery for the amicable adjustment of disputes. Exactly as employers in our own country at the time of the passage of the Adamson Law became vehement over "the principle of arbitration," so employers in England formerly indifferent have been awakened by the new strength of labor to realize the value of arbitration proceedings.

A third incentive to thought on reconstruction comes from the grave problems of demobilization, which are already being taken up on every side. In some way the re-absorption of nearly five million soldiers will have to be effected, while simultaneously munitions plants will have to be diverted to the manufacture of other products and a policy of reconstruction worked out.

There is, fourth, the impetus which the guild socialists have given to the study of drastic reforms. They are avowedly anxious that, if possible, a transition to the national guild system be effected, or at least begun, immediately after the war. Their analysis of the needs of the hour has been well expressed thus:

The factors to be conciliated by the new social contract are (a) a more or less blind revolt against degrading conditions; (b) the imperative

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necessity of a more scientific efficient system of production; (c) the call for a higher spiritual and moral life; and (d) a revivified passion for freedom.[1]

Fifth, the urgent need of reconstruction is being pressed by those concerned for high productivity and therefore for "harmony" and "co-operation" in industry. Stress is laid on the fact of the low per capita output of British workers compared with those of Germany and the United States; and limitation-of-output policies are condemned from every angle. Those who approach the industrial problem in this way are actuated by various motives. There is one motive, however, so sharply differentiated from the rest that it really becomes a separate cause of the reconstruction agitation, and should therefore be separately mentioned.

This sixth cause is the desire for the imperial supremacy of England, an end to be gained by greatly increased production at a minimum cost per unit of product. This reason is to be met in public utterances from widely different sources. From a series of articles in the London *Times*[2] which received wide publicity the following sentences are typical:

> In this time of reconstruction there are two entirely divergent ways in which the new [industrial] education may develop; one leading straight to Britain's last muddle, and the other to an Imperial renascence. . . . Both sides were demoralized by the old conditions. Both sides are still imperfectly adapted to the new possibilities and necessities. Neither has much right to call the other shortsighted or narrow. They have got to go to school together if the empire is to be saved. . . . The central idea about which any scheme of Imperial reconstruction must be grouped is the idea of economic syndications upon a national or Imperial scale.

From every quarter, therefore, from labor-conservative and labor-radical, from employer and statesman, has come explicit statement that the industrial institutions of England are "rotten-ripe for change." Is it to be wondered at that from a dozen

[1] S. G. Hobson, Guild Principles in Peace and War, p. 102.

[2] Reprinted by Nesbit & Co. Ltd., under title, The Elements of Reconstruction. Quotations are from pp. 40, 61 and 90.

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directions at once have sprung programs and schemes of reorganization? The remarkable thing is rather that these have been so few and that they have with one or two exceptions followed so uniformly along the same lines.

II

The fairest impression of the quality of these proposals will be gained if we first quote or summarize the essence of each, and then discuss the proposed scope of their operation.

The labor unions themselves were among the first to formulate plans for closer working arrangements with employers. From the building-trade unions comes this proposal:

> A builders' national industrial parliament has been advocated by the National Associated Building Trades Council, representing the national executives of the principal trade unions in the industry. The constitution calls for works committees, representing management and labor in particular shops, for joint district boards, and for a national parliament, where sit twenty members appointed by the National Federation of Building Trades Employers of Great Britain and Ireland, and twenty members appointed by the National Associated Building Trades Council.[1]

It is interesting to note that an almost identical plan has been brought forward by Mr. Sparkes, a London master builder who wants a permanent "Industrial Parliament of the Building Industry."[2] We shall consider his plan at greater length when discussing the subjects on which it is proposed that joint dealing shall take place, for Mr. Sparkes has worked out with some care his ideas in this direction.

Mr. F. S. Button, of the executive council of the powerful Amalgamated Society of Engineers, has made public an elaborate plan worked out by that organization for the creation of shop committees, central works council, local joint committees and central conciliation board, to each of which is given juris-

[1] Quoted from article by Arthur Gleason in *The Survey*, May 19, 1917. I am also indebted to him for information about the A.S.E. and the other unions mentioned.

[2] See Sidney Webb, The Restoration of Trade Union Conditions, p. 97.

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diction over a prescribed field in accordance with the constitution under which the industry would presumably be conducted.

There is also in actual operation in both the coal mines and the railroads a type of joint dealing which recognizes the essential features of the preceding proposals; that is, there are local shop committees to settle local grievances, joint district boards made up of representatives of owners and workers, and a national conciliation board, which is a permanently available mediating body.

Mr. Sidney Webb's proposal is for "a new industrial charter,"[1] the five important features of which are:

I. The prevention of unemployment by a program of public works undertaken in periods of slack private industry.

II. The maintenance of the standard rates of wages which shall be a minimum and not a maximum, and which shall be decided by a "joint board of employers and employees, to which all employers in the industry and all trade unions claiming to include any considerable number of workers in it should be invited to take part."[2]

III. A constitution for factory and industry in which there shall be written guarantees of universal acceptance of trade unionism and provision for conference with workshop committees on technical problems.

IV. No limitation of output.

V. Freedom for every worker to take or leave employment and freedom for the employer to use any and all machinery and to hire any employee, provided that the new employee will immediately join the union.

Although it is not explicit in this summary it should be noted that Mr. Webb's plan coincides with the rest in assuming a triple organization—local, district and national—which would distribute the control of certain matters in an industry between the employers and the unions.

The article on industrial unrest in the volume of papers sponsored by the British Association for the Advancement of

[1] See Restoration of Trade Union Conditions, chapter v.

[2] *Ibia.*, p. 89.

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Science[1] also brings forward a plan for the "triple organization" of industry, although its major attention is devoted to problems of function rather than to those of organization. Similarly the valuable Garton Foundation Memorandum[2] outlines the needs of the industrial structure as including a hierarchy of representative deliberative bodies. Both these statements have the added value of being endorsed by workers and employers who were represented on the drafting committee.

Among the most widely circulated plans for reconstruction have been those embodied in the so-called Whitley report:[3]

> The national industrial councils, in the opinion of the subcommittee, should not be regarded as complete in themselves. . . . It is proposed that each national industrial council should consider the advisability of creating or developing out of the existing machinery for negotiation in its particular industry, district councils representative of trade unions and of the employers' associations . . . and of instituting in particular plants works committees representative of the management and of the workers employed, to act in close co-operation with the district and national machinery.

Since this report also specifies the subjects which it proposes for joint jurisdiction the scheme gains appreciably in definiteness. Moreover the government has put the report into the hands of employers and trade unions to provoke criticism and invite further suggestion; so it is not strange that the Whitley report has become synonymous in the minds of many with the last word on radical industrial readjustment. The Commission on Industrial Unrest already referred to says explicitly that the adoption of the Whitley report would help materially to reduce the current disaffection.

In short, there would seem to be a remarkable unanimity of aim in the minds of the English people. But the appearance

[1] See Labor, Finance, and the War, edited by A. W. Kirkaldy.

[2] See Garton Foundation Memorandum on the Industrial Situation After the War —in some ways the ablest proposal thus far advanced to meet practically the immediate problems of industrial reorganization.

[3] The Report to the Prime Minister of the Subcommittee of the Reconstruction Committee, on Relations between Employers and Employed.

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is deceptive because the programs thus far named are opportunist and conciliatory in temper. The existence of a growing spirit of different nature has therefore to be emphasized.

An anonymous but presumably prominent correspondent writing in the *London Times* under the title "The Ferment of Revolution"[1] points out that there is a growing body of uncompromising revolutionists, whose attitude

> toward the various constructive revolutionary schemes, state socialism, syndicalism and national guilds, the writer described as one of irreconcilable opposition. They regarded them as the invention of middle-class dreamers and as designed to introduce discord into the labor movement. The true reform of society . . . will come through the instincts and the action of the wage earner himself.

Nevertheless, despite their uncompromising attitude these revolutionists do cling more or less definitely to features of the program[2] advanced in Mr. George Lansbury's *London Herald* in the early summer of 1917. A correct idea of these proposals is gained from a reading of the subtitles.

(a) Expropriation of private landowners and capitalists.
(b) All men and women willing to work to be paid.
(c) Ownership by the state: Management by the workers.
(d) Minimum real income of one pound a day.

To secure economic independence of all men and women:

(a) High minimum wage.
(b) Continuation of war allowance to the women and children of soldiers' families.
(c) Increase of maternity benefits and maintenance of children during school age.
(d) Great increase of old-age pensions.
(e) Revision of war and other pensions periodically in accordance with the increased cost of living.
(f) Increase of soldiers' pay.

The last proposal that has particular significance in this connection is as follows:

[1] *Christian Science Monitor*, Nov. 1, 1917.

[2] Reprinted in *The Bulletin of the People's Council*, vol. i, no. 2, N. Y., Aug. 16, 1917.

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Abolition of the House of Lords. Substitution for it of a Chamber based on the representation, not of geographical areas, but of occupations, industrial, professional and domestic. Labor and professional bodies thus becoming a constituent part of the country's government. . . . It will represent the people in their capacity as producers, just as . . . a reformed House of Commons will really represent them, in the capacity of consumers.

No less bold in its break with present mechanisms of production is the guild socialist platform and its critique of the Garton Memorandum which it discusses as typical of all the half-way proposals. Considering the claims of milder reconstructionists that their reforms involve the partnership of labor in industry, Mr. Hobson has this to say:

The admission of Partnership is explicit but is it implicit in the proposed organization? . . . The new machinery is to consist of Joint-Committees, representing both Management and Workers. . . . Modifications and safeguards may then be proposed and differences, as far possible, adjusted. *But the wage-system would persist.* . . . The Employers' Associations and Trade Unions are to join hands and constitute a Supreme Board of Control . . . and deal with all questions affecting both parties. *But the wage-system would persist.* . . . A few more years of the wage-system will bring us perilously near to the servile state.[1]

Instead of these compromising plans the guildsmen would institute a system of national guilds which is outlined in their own words as follows:

The active principle of the Guild is industrial democracy. Herein it differs from State Socialism, or Collectivism. . . . The Guild manages its own affairs, appoints its own officers from the general manager to the office boy, and deals with the other Guilds and with the State as a self-contained unit. . . . It rejects Syndicalism because it accepts co-management with the State . . . [which] must not be held to imply the right of any outside body to interfere in the detailed administration of the Guild; but it rightly implies formal and effective co-operation with the State in regard to large policy. . . . For ourselves we are clear that the Guilds ought not and must not be the absolute possessors of

[1] S. G. Hobson, Guild Principles in Peace and War, pp. 69, 70, 75.

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the land, houses and machinery. We remain Socialists because we believe that in the final analysis the State as representing the community at large, must be the final arbiter.[1]

There exist, it will be seen, programs of reconstruction which reflect the policy of nearly every substantial group interested in rehabilitating England's economic life. Although they vary greatly in phrasing and, as we shall presently see, in the proposed scope of joint dealing, they all show a tendency in the same direction; and it is with the meaning of this tendency that we are really concerned. But its meaning will be quite clear only after we have suggested the problems for which the new agencies of industrial government will presumably be asked to assume responsibility. For no small part of the significance of these varied proposals is derived from the astonishingly broadened scope of formal negotiation.

III

Heretofore the subject matter of joint dealing has been "wages, hours and working conditions"—in which the last item was on the whole timidly construed to include few matters of serious importance. The limit to the scope of problems treated in collective bargains was set by the conception of the unions as "fighting organizations." Trade unions have historically been consumers' organizations, concerned, as consumers on the defensive must naturally be, with problems surrounding the standard of living. The effect of an enlarged sphere of joint control is to transform the unions, at least in certain aspects of their work, into organizations of producers. The implications of this change are, as the guild socialists have pointed out, completely revolutionary, striking as they do at the very base of the present notion of industrial organization, control and initiative.

Speaking first of the scope of the national joint organization, Mr. Webb quotes with approval these proposals of Mr. Sparkes: [2]

[1] A. R. Orage, National Guilds, p. 133. A briefer and more effective statement is to be found in G. D. H. Cole, Self-Government in Industry.

[2] See The Restoration of Trade Union Conditions, pp. 97-100.

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The Parliament would not concern itself with the adjustment of differences or the settlement of disputes. Means already exist for conducting such negotiations and settling such issues. The function of the Parliament would not be judicial or conciliatory, but constructive.

The agenda of the Parliament would be determined from time to time according to circumstances as they arose. The following matters call urgently for attention from such a joint council of employers and employed in the building industry at the present moment:

1. Regularization of Wages.—The provision of a graduated scale of minimum rates designed to maintain real wages as nearly as possible identical throughout the country. Subsequent advances to be on a national basis.

2. Unemployment.—To acquire a fuller participation in the control of the Board of Trade Labor Exchanges, and to supplement their work by improved organization.

3. Employment of Partially Disabled Soldiers.

4. Technical Training and Apprenticeship.

5. Publicity.—To issue authoritative information upon all matters whereon it is deemed desirable that leaders of public opinion, the press, and the general public should have exact information.

6. Investigation into Possible Lines of Improvement.—To investigate, in conjunction with experts, foreseeable developments, probable changes, and suggested improvements, such as:

Scientific management.
Industrial control and status of labor.
Improvements in design and standards of workmanship.
Closer association between commercial and æsthetic requirements.
Additions to this would be as occasion arose.

The subjects proposed for joint deliberation in the Whitley report are substantially the same as those of Mr. Sparkes, although the reconstruction subcommittee does not specify precisely whether the jurisdiction shall be national or whether certain powers shall be delegated to district or local boards. But regarding improvements in processes or management the Whitley report is far more definite. It recommends for joint control "improvements of processes, machinery, organization, and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-

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operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them."[1]

As to the wage question, it suggests for joint dealing:

> the settlement of the general principles governing the conditions of employment, including the methods of fixing, paying and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry . . . Methods of fixing and adjusting earnings, piecework prices etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates.

A redistribution of powers which has been most carefully thought through is to be found in the plan of the Amalgamated Society of Engineers already mentioned,[2] but because of its length and its availability to American readers it is unnecessary to give further excerpts from it here. Suffice it to say that the document has the value of allocating in some detail to shop, local, district or national boards functions which in the light of decades of experience in trade-union negotiations have proved to include the matters which each body is competent to handle because of its special knowledge and influence.

In discussing the work of the shop boards the writers in *Labor, Finance and the War*[3] also give clear recognition to the principle that authority should be delegated in accordance with function.

(iv) There are other branches of organization concerned with the detailed working of factories which might be carried out by co-operation between the workers and the management. They are functions which, in a large factory, are sometimes delegated to works managers and foremen and concern the precise arrangements as to hours of work, rest periods, working shifts, speed of machinery, the subdivision and grading of labor, discipline etc. These matters might be determined with the assistance of a committee of workers who know the conditions existing in the factory. . . . A certain minimum output would have to be fixed for each workshop so controlled, and it would

[1] See *Monthly Review*, U. S. Bureau of Labor Statistics, Sept., 1917, p. 132.

[2] See *supra* p. 59.

[3] See p. 46.

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be to the interests of the industry and all those engaged in it to increase this output as much as possible. Such a committee would be able to guard against speeding up, and would remove one of the main causes to which the restriction of output is attributed.

The same writers go on to develop with interesting elaborateness their ideas as to possible methods of introducing new machines and processes.[1] They suggest:

(1) That the employers should make a forecast as to the exact effect of the new methods, this to include:
   (a) Gross financial benefit.
   (b) Saving in labor employed on present output.
   (c) Possible increased demand consequent on a certain decrease in price.
   (d) The amount of new capital required to finance the change.
   (e) The eventual effect on the labor employed.

(2) That this forecast should be considered by both the employers or their representatives and by the workers affected or their representatives.

(3) That an arrangement be agreed upon, equitable in the long run to all parties concerned with due regard to the following facts:
   (a) Capital takes all the financial risks of the new methods.
   (b) Capital hitherto had all the advantages of any immediate gain.
   (c) Labor, at the outset, may be diminished in numbers employed, though eventually a new process results in the employment of more labor, and probably the preservation of the industry. Thus there may be immediate and serious loss to part of the labor hitherto employed.
   (d) Some labor may benefit immediately if increased pay be given to those working by the new method.
   (e) Labor is employed in designing and making the machine.

(4) That it be considered to what extent temporarily displaced labor can or ought to be compensated by means of unemployment insurance or by a percentage of the increased product.

In this seemingly miscellaneous group of functions upon which there is wide agreement that common deliberation should

[1] See p. 49.

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take place, there are two or three elements which emerge as notably significant. These are: the extension of the field of joint dealing (a) to problems surrounding the introduction of scientific management in all its ramifications, and (b) to the artistic and qualitative side of production; and the omission from this joint dealing of problems of marketing.

The Garton Memorandum has this to say about the introduction of the science of management:

> The reason usually given by the men for their hostility is that the employer, while paying higher wages, takes care that a much more than proportionate increase is effected in his own profits, so that the ratio of distribution becomes less favorable to labor than before. But this, though a natural ground of soreness, is not the main reason of the workmen's opposition. Underlying all economic suspicion is the worker's instinctive aversion to becoming a mindless automaton, performing without variation a cycle of mechanical movements which do not lead to increased general proficiency, which open the way to no higher grade of employment, and which are prescribed not by himself or by the traditions or master craftsmen of his class, but by an outside unsympathetic authority in the shape of the scientific expert. Before the undoubted advantages of national training can materialize in workshop practice, full security must be given against these evils. This can be done only by introducing the system with the full voluntary co-operation of the men; and such co-operation can only be secured by first putting the whole proposition before them, explaining frankly the risks to be faced as well as the benefits to be obtained, and transforming the whole constitution of the works in such a way that the men themselves may have an interest in the new system and some share of control over the working of it.[1]

The preceding excerpt from Kirkaldy[2] voices the same sentiment, with greater elaboration as to the details of operation. The upshot of all the proposals is that scientific management must be absorbed into the economic system with as little delay and interference as possible. With admirable concreteness of thought, the English have understood the obstacles to its im-

[1] Garton Memorandum, p. 49.

[2] *Supra*, p. 67.

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mediate acceptance; since labor's consent is indispensable, that consent is to be secured at any price. And the price is joint supervision of its introduction together with complete protection against unemployment for all workers affected.

Indications of a new interest in artistic production and in the quality of goods mark a definite break with the shoddyism of nineteenth-century capitalist production. The note struck by Ruskin and Morris will not be silenced and, once labor is assured regular employment with some control over the enterprise, the instinct of workmanship will manifest itself again.

The Garton Memorandum specifies that there should be joint decision on "the maintenance of a high standard of design and workmanship" and "the prosecution of research and experiment." Mr. Sparkes, it will be remembered, includes in his "agenda" of subjects for representative settlement, "improvements in design and standards of workmanship. Closer association between commercial and æsthetic requirements." Mr. Hobson affirms that

> an industrial democracy will not only insist upon good work but will know how to get it. The best judge of good work and of good foremanship is the workman himself. Give him half a chance, he makes himself a competent artisan; give him a fair chance, he becomes a craftsman.[1]

The Lansbury program is consistently incisive when it says:

> The present outcry for better scientific and technical training, for the endowment of research in processes which may be adapted to commercial ends. . . . will miss the real educational end if . . . it disregards the necessity for leisure and enjoyment. . . . The problem of education is . . . how to nourish in every individual the desire for a full, free life. . . .

The proper extent of labor's interest in problems of securing raw material and of marketing the product will undoubtedly be a matter of controversy for some time to come. Mr. A. E. Zimmern is quite clear that at present the workers should not

[1] Guild Principles, p. 159.

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be given voice in those matters. He said at the Ruskin College Council:

Democratic control, in the present stage, does not involve a demand for control over the commercial side of business—the buying of raw material, the selling of the finished product, and all the exercises of trained judgment and experience that are brought to bear by business men on these questions; . . . at present, at any rate, the workers' demand for democratic control is not a demand for a voice in the business, but for control over the conditions under which their own daily work is done.[1]

The Garton Memorandum is also clear on this point: "Matters connected with the sources and supply of raw material and the cultivation of markets for the disposal of the finished products would remain exclusively the concern of purely commercial federations of manufactures, acting in conjunction with the state."[2]

Mr. S. G. Hobson on behalf of the guild socialists pours out his scorn of this reservation of power in no uncertain terms.

The main proposals of this Memorandum are doomed to failure because they deliberately refuse economic democracy. They do worse. They make a pretense of it. The members of the Supreme Branch of Control are to be elected by ballot. . . . But![3]

And then after quoting the above paragraph from the Garton document he adds:

To make a pretense of economic democracy, with its voting by ballot . . . and all the rest of its political gear and then to reserve the substance [*i. e.* control of raw material and markets] for the Employers' Association is to . . . incite to anger the workers whom they set out to placate—or to deceive. . . . This business of raw material is vastly important. It plays today the part in industry formerly played by land. Rent is, at bottom, the economic power exercised by one possessor over another—the other generally being the laborer. With the con-

[1] See *Monthly Review*, U. S. Bureau Labor Statistics, Aug., 1917, p. 137.

[2] *Ibid.*, p. 83.

[3] Guild Principles, pp. 86, 87.

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trol of raw material, a possessor can frustrate any industrial policy or hold up an industry or a single undertaking indefinitely.

Mr. Hobson uses the coal supply as an illustration and points out that the mine owners, or the state in its capacity of employer, could effectually bring to terms any factory or industry which did not act as the controller of the coal supply desired.

There exists therefore upon this point a sharp difference of policy which, while it may not become a matter of practical controversy in the near future,[1] is destined eventually to give rise to administrative difficulties of no small importance. It is interesting to recall in passing, however, that the British Wholesale Co-operative Society, faced with the threats of boycotted raw material, found it expedient to provide its own raw material by the purchase of ships, tea plantations, orchards and the like. In the manufacturing trades the guild socialists propose that the state become the trustee of raw goods and dispose of them to the producers on stipulated terms.

Without attempting further amplification of the details of the several proposals, we can, however, see that they present a fairly clear picture of the productive life of England controlled by representative groups concerned about the problems of each industry, and brought together to consider economic matters of national interest in some sort of national industrial chamber. And we see that beneath the national structure there is contemplated a network of deliberative bodies in each shop and locality which would make possible a wholesome decentralization of power. There would in time be created a strong national economic unit—a nation organized democratically to produce an abundance of salable goods. What would the existence of such an effective organization mean not only to England but to the world?

[1] In one sense this problem is already a pressing one. The coal situation at the present moment presents a condition where the miners by refusing to work can effectively bring to terms any group which comes into conflict with them. And now that the railroad and transport workers are joined with the miners in a Triple Alliance, the power exerted by those in control of raw material and its carriage can be enormous.

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IV

The essence of the reconstruction agitation is a more searching analysis than has previously taken place on any broad scale of the structure of industrial government in the light of our modern conceptions of democracy. It is not too much to say that this analysis could have been avoided by England only at the price of self-preservation. The foundations of British dominion have been severely shaken by the war. The economic forces which underlie English security whether as an island or as an empire require re-alignment and the establishment of a new equilibrium. The meaning of the reconstruction programs is manifold and as yet impossible to grasp in its entirety. But that the actual existence of the inhabitants of England has been jeopardized by her dependence on foreign sources of raw materials and on home sources of dissatisfied proletarian labor, is being understood on an ever-increasing scale. The reconstruction proposals with their more or less conscious correlation of democracy and national perpetuity are the result.

More specifically, the programs of industrial reorganization have five outstanding implications.

1. They indicate a grasp of the principle that organization should be on a basis of interest and function. This is clearly shown by the emphasis on the necessity for the organization of workers, managements and consumers, in order that each group may voice and protect its own interests. This functional conception suggests inevitably the value of industrial constitutions and parliaments, and makes possible a beneficial separation of civic and economic deliberative bodies. At the same time the logic of this idea requires that the scope of joint dealings be widened to include all matters which occasion controversy between any of the parties in interest.

In other words, these proposals more or less completely embody the idea that *wherever there is a function to be performed and where in its performance a difference of interest exists among the parties to the enterprise, there should be a structure of control on a basis of function and a form of control on a basis of representation of all the parties at interest.*

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2. They indicate a full acceptance of the idea of national economic unity and of the necessity of that unity to secure maximum productivity. The scale of industry, from the administrative point of view, becomes frankly national. The practical importance of this as giving new emphasis to the nation as an economic organism can hardly be overrated. It means that whatever form of international organization we are able to promulgate, there will still remain strong administrative national bodies with national interests which workers and managements will share to an unprecedented extent. In the absence of an effective international control the conflict of economic interest over raw materials and markets remains more than ever a conflict of nations rather than of labor and capital within any nation.

As a condition of national security there becomes necessary a volume of production which is larger and a unit cost of production which is lower than that of other nations which may be manufacturing for the same trade. This demand gives point to the acceptance of scientific management, and measures which look to its adoption are, as we have seen, an important feature of the new programs.

That this interpretation is neither uncharitable nor erroneous is made plain by the following frank paragraph from the articles in the London *Times*:

> The ruling idea to adopt in a national policy . . . is the idea of national syndication, the idea of grouping and amalgamating our industries . . . on a national scale; only upon those lines can we hope to make our industries scientific and progressive, defeat foreign competition and . . . come to an understanding and keep the peace with labor. . . . The alternative to such a reconstruction boldly and openly planned and carried through is decadence and Imperial disintegration.[1]

3. The third meaning to be read in the reconstruction literature grows naturally out of the second, as the above quotation clearly indicates. Reconstruction may be devoted to selfishly imperialistic ends. There is much of the discussion about the empire that lends itself to a quite invidious inter-

[1] The Elements of Reconstruction. Quoted in Kirkaldy, p. 55.

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pretation.[1] It is possible to imagine that certain statesmen of England are working with an eye single to the world prestige of the British Empire after the war; and that they see in the industrial security which any drastic reconstruction program would help to guarantee an essential condition of English priority. But while it is conceivable that this position is widely accepted, it is on the whole unlikely that it is held by any but a small minority. The motives of the most tory of diplomats are undoubtedly mixed, and their ideas are a peculiar combination of Manchester School economics and Kipling imperialism. Nevertheless, more or less consciously they are groping for some scheme or method or program which will reconcile industrial peace with high productivity. Reconstruction will interest the imperialists only as it promises to achieve these ends.

4. On the other hand there are the great majority who repudiate the motives of empire, expansion and exploitation. To them reconstruction means the creation of an economic structure which will lack the profit motive and the profit taker. Believing that reconstruction if it is to be fundamental must admit the workers and the state to sufficient control to minimize and gradually abolish profiteering, the guild socialists and other radicals are giving to reconstruction a meaning of their own. Indeed, from this difference of meaning rises still another fact which has perhaps the greatest significance of all.

5. This fact is that the uses to which reconstruction will be put will depend to a large extent upon the wishes of the workers. Final decision as to whether England is to use her first energies to realize imperial ambitions or to assure equal

[1] The not too popular British protectionist, Mr. J. Ellis Barker, concludes an article in *The Nineteenth Century and After* for October 1916, on "Britain's Coming Industrial Supremacy" with the words: "The present war should give the industrial supremacy of the world to the British Empire."

There exists in London an Imperial Resources Development Committee which naively advanced a scheme that the empire should operate Africa as a great landed estate to help wipe out the war debts. This scheme was received with such derision by the more liberal elements that little has since been heard of it.

There is, again, the agitation for a National Party which would probably be an imperialist protectionist party to restore the prestige after the war of an empire "upon which the sun never sets."

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opportunity and an adequate living to the citizenship of a British Commonwealth rests with those upon whose labor depends the material for any development. Of course, the labor movement may by inactivity and indecision forfeit its prerogatives; and it is true that as yet no definitive stand has been taken by the official working-class movements on the reconstruction schemes.[1]

What is perhaps most likely to happen is that the workers will grope toward some sort of compromise decision. They may accept the conclusions of Mr. Sidney Ball[2] and believe that it is possible to reconcile socialism and imperialism. Certainly some such position as that will be taken by many of the middle class. The fact to be borne in mind, however, is that the working class can determine, if it will, the economic policy which England is to pursue after the war. And even if, at the immediate close of the war, the labor movement does not take a clear and positive stand, it is highly probable that in a very few years thereafter it will declare itself without equivocation in complete repudiation of imperialistic aims.[3] That this stand will sooner or later control the diplomatic policy of England will not be seriously questioned by those who know the temper of English labor. For whenever the workers do not like the course events are taking, they can—and will—abstain from labor, and the pressure of non-productivity is to the British investor the supremely effective reagent.

[1] This was written (December, 1917) before the Labor Party's brillant essay in the diplomatic field brought it to the front as the one vital and strongly organized group in English political life. Labor has now declared itself in favor of a society reconstructed from top to bottom.

[2] See his minority report in Labor, Finance and the War, p. 55. "If we have any conception of national or imperial purpose, industry must be regarded as not simply the concern of buyers and sellers, whether of commodities or (still less) of labor; but of public policy and national welfare; it cannot be regarded as an *imperium in imperio*; its policy must be considered from and subordinated to a national and imperial policy as a whole. . . . These views may be summed up in the conviction that a genuine nationalism or imperialism and a genuine socialism, properly understood, are different aspects of the same thing. . . . It is only by their union that the problem of combining unity and efficiency with freedom and responsibility of groups and individuals can be secured."

[3] For later evidence, see the text of the British Labor Party's War Aims, New York *Evening Post*, Jan. 4, 1918, and "Labor's After-War Economic Policy," by Arthur Henderson, *ibid.*, Jan. 8, 1918.

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V

The reconstruction programs have the value and vitality of plans drawn to meet pressing and immediate needs. They are realistic in texture and based without exception on a profound understanding of the nature of modern industry. Their differences grow out of divergent conceptions of the speed of economic developments, and not out of a failure to visualize all elements at work in the situation. For this reason the choices which England makes will be in a direction which other countries with a similar economic arrangement must take. Reconstruction is not merely the topic of the hour in a troubled England. It is the problem of the generation in all countries where the capitalist system of production has reached maturity.

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THE ABOLITION OF BRITISH IMPERIAL PREFERENCE, 1846–1860

IN a previous paper[1] an attempt was made to trace the decline of commercial preference in the British Empire to the close of Sir Robert Peel's ministry in 1846. When the Liberal party came to power in July of that year serious inroads, it was shown, had been made upon the preferential system. Many colonial products, however, were still favored by discriminating duties in the British tariff,[2] and a large number of British products, especially manufactured articles, received preferential treatment in the colonies by act of parliament.[3] It is now proposed to follow the further decline of the system until the time of its final extinction.

Sugar was by far the most important commercial product of the British colonies, and the English sugar duties, affording the colonies, as they did, a virtual monopoly of the English market, may be said to have formed the keystone in the arch of imperial preference.[4] When Lord John Russell succeeded Peel as prime minister, colonial sugar was admitted to the United Kingdom at a duty of 14s. per hundredweight, and foreign sugar produced by free labor at 23s., while slave-grown sugar was excluded by the prohibitory tax of 63s.[5] This exclusion

[1] "British Imperial Preference and Sir Robert Peel," POLITICAL SCIENCE QUARTERLY, September 1917, vol. xxxii, pp. 429–449.

[2] Sugar, molasses, spirits, rice and timber were among the most important. Peel's tariff of 1846 (9 & 10 Vict. c. 23) exempted from duty a large number of imports, including vegetables, meats and domestic animals, and thereby abolished many differential duties in favor of the colonies.

[3] 8 & 9 Vict. c. 93.

[4] The extent to which colonial sugar monopolized the British market may be seen from the following quantities of muscovado sugar imported into the United Kingdom in 1845: British colonial, 4,908,969 cwts.; foreign, the produce of free labor, 168,606 cwts.; foreign slave-grown, 743,315 cwts. The slave-grown sugar, however, was not imported for British consumption, but in bond for re-exportation; Parl. Papers, 1905, vol. 72, cd. 2394, pp. 126–127.

[5] Unless otherwise stated the duties on sugar mentioned in this article were those imposed on unrefined muscovado sugar; other and higher duties were levied upon white clayed, refined and double-refined sugar.

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was defended not only on the score of protecting colonial interests, but on grounds of justice and humanitarianism as well. Since Parliament had abolished slavery throughout the empire to the grave discomfiture of the West India sugar planters, it seemed but a measure of justice that it should assure them protection in the British market from the competition of sugar produced by slave labor. Moreover, it was contended with much plausibility that the admission of the slave-grown product would increase the demand for slaves in foreign sugar-growing countries, and thus give a renewed impetus to the slave trade, which Great Britain had done so much to put down. Peel, anxious as he had been to abolish prohibitory duties and to cheapen food in England, had never contemplated the admission of slave-grown sugar.[1]

Within a month of his accession to power Lord John Russell, to the dismay of the sugar interests and to the moral indignation of anti-slavery philanthropists, announced a plan for the readjustment of the sugar duties upon a new and permanent basis. He proposed to retain the 14s. duty on colonial sugar, but to admit all foreign sugar, whether the produce of free or of slave labor, at 21s., and to reduce this latter tax annually until it reached 14s., when the differential in favor of the colonies would disappear.[2] The sugar interests had not stood by the agrarians in the recent contest over the corn laws, and now in their own hour of peril had no claim to the gratitude of the landed interests. The latter, however, had not yet given up hope that the free-trade movement would be checked, and protection restored to British agriculture. Accordingly when the prime minister set forth his plan for the settlement of the sugar duties, their leader in the House of Commons, Lord George Bentinck,

[1] Hansard, Parliamentary Debates, third series, vol. 88, pp. 93–94.

[2] *Ibid.*, vol. 87, pp. 1316–1317. Prior to 1846 the sugar duties had been levied annually. Russell proposed to make them permanent, believing that a final settlement would be to the interest of the public and the sugar trade. But constitutional practice required that a considerable amount of revenue should be dependent upon annual grant. He therefore promised the House of Commons that some other source of revenue would be proposed for yearly vote, but never announced what the substitute was to be! Hansard, third series, vol. 87, pp. 1304, 1323; Disraeli, Life of Lord George Bentinck, pp. 232–233.

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announced that they would stand by the sugar planters. "My Friends around me," he said, "are determined to support the East and West India interests. They are resolved to support British capital wherever they find it invested."[1] The protectionists believed that in urging the admission of slave-grown sugar, free trade was exposing its most vulnerable spot, for upon that issue it would antagonize the anti-slavery philanthropists, many of whom on commercial grounds were free traders. Throughout the debates on the sugar duties they were able to buttress their cause with the moral sanction of humanitarianism.[2] On the other hand the Government, which depended for its parliamentary majority upon the free-trade conservatives, was supported by most of that group. Peel himself, though still opposed on principle to the admission of slave-grown sugar, voted with the ministers because he was unwilling to drive them from power by combining with the protectionists.[3]

Bentinck opened the attack upon the Government by offering a resolution against the proposed alteration of the sugar duties on the ground that it would "tend to check the advance of production by British free labor, and to give a great additional stimulus to the slave trade."[4] A debate extending over two evenings resulted in a victory for ministerialists and Peelites over protectionists and humanitarians by a vote of 265 to 135.[5] The arguments, so far as they related to preference and the imperial system, may be summarized briefly.

The protectionists insisted that the measure was unnecessary because a supply of sugar adequate to the needs of British consumption could be secured without admitting the slave-grown product or abandoning the colonial preference. They ridiculed predictions of a sugar famine. Any deficiency in the West India supply, they asserted, could be more than made good from the East Indies and Mauritius, and production in the West Indies would revive, if the planters were assured a suffi-

[1] Hansard, third series, vol. 87, p. 1327.

[2] *Ibid.*, vol. 88, pp. 44–45, 119, 501 *et seq.*; Disraeli, *op. cit.*, p. 374.

[3] Hansard, third series, vol. 88, pp. 93–103.

[4] *Ibid.*, p. 53.

[5] *Ibid.*, p. 180.

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cient supply of labor.[1] Russell's plan, they reiterated, would ruin the British West Indies, for wage-paid labor could not compete on even terms with slave labor in the production of sugar.[2] One champion of West India interests assured the House that half the plantations in Jamaica would be thrown out of cultivation if the Government's measure were carried.[3] It was freely predicted moreover, that it would destroy the imperial system and lead to the dissolution of the empire.[4] According to Lord Ashburton, whose words well expressed the rationale of the old colonial system:

> The principle advocated . . . would involve the loss of the colonies. What was the object of colonies at all? There might be parts of the globe, like Malta and Gibraltar, which were kept as points for armaments, or as places of refuge for our naval forces, but all other colonies were preserved for benefit of trading with them, and for the advantage of having a privileged trade with them. The system of reciprocal protection was the system of colonies; and they would cease to be of any value the moment we deprived them entirely of the system of protection.[5]

Dissentient peers gave as one of their reasons for opposing the bill that it "might occasion such distress and discontent as would ultimately lead to the separation of those very important Colonies, which, when deprived of the protection that is justly due to them, might also lose their allegiance."[6] Lord Stanley, the leader of the protectionists in the House of Lords, pointed out that the charge of monopoly hurled by the free traders at the sugar planters could be justified only by a very loose use of that term, since the protection which they sought to retain was compatible with the freest competition between the sugar-growing colonies of the West and East Indies and Mauritius.[7] He also pointed out that a measure which retained a tax on sugar of 14s., or about 50 per cent *ad valorem*, was far from complete free trade.[8]

[1] Hansard, third series, vol. 88, pp. 34, 497–498.
[2] *Ibid.*, pp. 127, 495, 545.
[3] *Ibid.*, pp. 115–116.
[4] *Ibid.*, pp. 117, 545.
[5] *Ibid.*, p. 520.
[6] *Ibid.*, p. 543.
[7] *Ibid.*, p. 495.
[8] *Ibid.*, p. 494.

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The ministers and their supporters, on the other hand, insisted that the admission of slave-grown sugar was necessary in order to lower the price of sugar for the benefit of the working classes at home.[1] Protection as a system of commerce, they triumphantly proclaimed, was doomed. They admitted that the abolition of differential duties struck at the foundations of the old colonial system, but the time was come, they urged, for a new and better colonial system. In words that now sound prophetic Russell voiced this opinion:

You must adopt an altered, and, as I think, an improved policy. It was the habit of this country . . . to provide that they should have a monopoly of the commerce and productions of the colonists; and that the colonists should be obliged to take, exclusively, the produce and the manufactures of the mother country. . . . . The colonists, I think, derive great advantage from being connected with this country . . . and this Empire has an immense advantage also in the loyalty, the strength, and the assistance of the colonists. But these colonists must not hereafter exist on the limited and restricted system of former days; that must be acknowledged to be erroneous, and other principles must prevail. I believe that both the mother country and the colonists will flourish all the more for the abolition of useless restrictions, and that after some period of murmuring, perhaps some passing

[1] The cry of "cheap food" won support for free trade among the working classes of Great Britain in much the same way that the familiar "American standard of living" has enlisted American workingmen under the banner of the protective tariff. Many British manufacturers who were ardent free traders, however, no doubt accepted Ricardo's theory that whatever lowered the laborer's cost of living would ultimately result in the reduction of his wages. Karl Marx, in his Discourse on Free Trade, took pleasure in laying bare what he considered the hypocrisy of the "cheap food" argument of the British free traders. Gladstone, in a speech delivered in 1860, thus distinguished between the real and the putative benefits of free trade to the British workingman: "Take the great change in the corn laws; it may even possibly be doubted whether up to this time you have given them [the working classes] cheaper bread—at best it is but a trifle cheaper than before; that change, however, is one comparatively immaterial; but you have created a regular and steady trade which may be stated at £15,000,000 a year; by that trade you have created a corresponding demand for the commodities of which they are the producers . . . and it is the price their labor thus brings, not the price of cheapened commodities, that forms the main benefit they receive"; Hansard, third series, vol. 156, pp. 831–832. Had the interests of the masses been the controlling factor in British free trade, the duties would, perhaps, have been taken off tobacco, spirits, tea and coffee; Fuchs, The Trade Policy of Great Britain and her Colonies since 1860, p. 15.

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cloud of discontent, we shall acknowledge both in this country and in the magnificent possessions belonging to us, that we have been heretofore mistaken in following the former policy of restriction, and that the affection felt reciprocally will be all the stronger when neither party is subject to any restrictions imposed by the other; . . . [1]

The manufacturers' argument that the admission of slave-grown sugar would enlarge their foreign markets was, of course, not overlooked in a Parliament in which they were so largely represented.[2] Russell's bill became law in August 1846. It gave the British sugar planters five years in which to prepare for the eventual equalization of duties and the abolition of the preference which they had enjoyed ever since the seventeenth century.[3]

Acute distress in the sugar colonies, especially in the West Indies, forced the Government to consider measures for their relief. Free traders were inclined to ascribe their condition, to some extent at least, to the great commercial and financial crisis of 1847, while protectionists insisted that it was to be explained solely by the recent changes in the sugar duties.[4] Whatever its precise causes, there could be no doubt of its extent and severity, which was revealed by the failures of the great sugar houses in England, and by numerous petitions from the West India interests praying Parliament for relief. In February 1848, upon motion of Lord George Bentinck, a select committee of the House of Commons was appointed to inquire into conditions

[1] Hansard, third series, vol. 87, pp. 1324–1325. Prior to the publication of Lord Durham's Report in 1839, Russell had not been notably liberal in colonial policy. In 1838 he upheld the commercial principles of the old colonial system, and opposed the grant of responsible government to Canada; Holland, Imperium et Libertas, pp. 109–111.

[2] This argument was dwelt upon at length by the free-trade press. For example, the London *Times*, in an editorial of July 20, 1846, said: "The severity of the present system is chiefly directed against some of our very best customers in the world, who, if we took their sugar, would quickly take twice as much of our own manufactures, and so give twice as much employment for our poor people."

[3] 9 & 10 Vict. c. 63. Under the operation of this act the gross importation of foreign sugar rose from 1,197,672 cwts. in 1846 to 2,408,981 in 1847; for these two years the gross importation of colonial sugar was, respectively, 4,424,819 and 5,800,539 cwts.; Parl. Papers, 1905, vol. 72, cd. 2394, pp. 126–127.

[4] Hansard, third series, vol. 96, pp. 8–9, 172, 189.

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affecting the sugar and coffee interests, and to consider what measures could be adopted for their relief.[1] Bentinck, who had been laboriously acquiring all available information respecting the effects of the act of 1846 upon British commerce and industry, as well as upon the West Indies, was appointed its chairman, in which capacity he displayed great zeal and energy. He personally expressed the hope that Parliament would be induced to restore protection to colonial sugar, but the majority of the members of the committee were reckoned as free traders.[2] The committee came to the conclusion that the sugar colonies should be afforded immediate relief, but that the existing distress could not be attributed solely to recent events. One of its principal causes was the lack of an adequate supply of free labor in the West Indies, for which no provision had been made when the slaves were emancipated. The ultimate prosperity of the sugar colonies, so the committee reported, depended upon their means of successful competition with foreign producers, and not upon permanent protection against them. It recommended a differential duty of 10s. in favor of colonial sugar to last for a period of six years, "being of opinion that the temporary encouragement would have the effect of preventing the immediate and otherwise inevitable abandonment of the majority of the estates, and secure time for bringing into operation the intended measures of relief." [3]

The committee presented its report on May 29, 1848, and on June 16 the prime minister announced his plan for West India relief. He refused to abandon the principle of the act of 1846, but was prepared to modify its provisions so as to postpone for a few years the date for the equalization of duties.[4]

[1] Hansard, third series, vol. 96, pp. 42, 168.

[2] *Ibid.*, pp. 9, 184; vol. 101, pp. 692–693. In 1847 Disraeli, soon to succeed Bentinck in the leadership of the Conservative party in the House of Commons, professed the conviction that after a fair trial of free trade the country would return to protection; Monypenny and Buckle, Life of Disraeli, vol. iii, pp. 23, 26.

[3] The committee's report, together with minutes of evidence taken by it, fills four volumes of the Parliamentary Papers (Parl. Papers, 1847–1848, vol. 23, parts i-iv) and gives extensive information respecting conditions in the sugar colonies.

[4] Hansard, third series, vol. 99, pp. 730, 738, 740. He proposed, furthermore, to encourage the immigration of laborers into the West Indies by assisting the

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A new act deferring it to 1854 was accordingly passed. It provided for the annual reduction of the duty on colonial sugar until 1851, when it would reach 10s., where it was to remain fixed. Upon foreign sugar the tax was to be lowered annually until 1854, when it, too, would reach 10s., and the colonial preference would be extinguished.[1] As the day for the termination of their protection drew near, the West India interests petitioned for its continuance, but in his budget speech as chancellor of the exchequer in April 1853, Gladstone bluntly served notice on them that it was "entirely impossible for the Government to hold out the smallest hope that their recommendation can be adopted."[2] After 1854 no discrimination was made in the British customs between foreign and colonial sugar. The bulwark of colonial preference had fallen before the assaults of free trade.

In 1851 another colonial preference of some importance was abolished. Prior to that year there had been a differential of two-pence a pound in favor of colonial coffee, with the duties at 4d. and 6d. on colonial and foreign coffee respectively. With that degree of protection the quantity of colonial coffee entered for home consumption in the United Kingdom had risen from 23,720,000 pounds in 1846 to 28,832,000 in 1850, while, during the same period, the importation of foreign coffee had fallen by more than 10,000,000 pounds. In fact, during the year 1850, the gross importation of colonial coffee exceeded the total quantity of coffee, foreign and colonial combined, that was entered

colonies to give bounties on such immigration; to lower the duty on colonial rum to which the West India interests objected as an unfair discrimination against them in favor of the British and Irish distillers of spirits; and to permit the distillation of spirits from sugar and molasses in the United Kingdom. His plan, apart from the alteration of the sugar duties, was embodied in the following legislation of 1848: 11 & 12 Vict. c. 38, 60, 100 and 130.

[1] 11 & 12 Vict. c. 97.

[2] Hansard, third series, vol. 125, p. 1357. The sugar duties remained an important source of revenue, and were modified from time to time to suit the fiscal needs of the government. In 1854 the duty on unrefined sugar was fixed at 11s. (17 & 18 Vict. c. 29) but in 1855, on account of the Crimean War, it was raised to 13s. 9d. (18 & 19 Vict. c. 21). In 1857 it was put at 12s. 8d. (20 Vict. c. 15) at which amount it was retained by the great customs act of 1860.

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for home consumption.[1] This fact was regarded by the Government as affording convincing proof that the differential duty was operating to restrict unduly the importation of foreign coffee to the disadvantage of the British consumer, and that it was no longer needed to protect the colonial planter. Ceylon was the only British possession deeply affected by the proposal to abolish this preference since coffee planting had almost come to an end in the British West Indies. It was asserted in the House of Commons that Ceylon could not compete in the British market on even terms with the slave-grown coffee of Brazil, but the Government's measure was carried and a uniform duty of 3d. was levied upon colonial and foreign coffee alike.[2]

II

When Lord John Russell explained his plan for the readjustment of the sugar duties in 1846, he announced that he intended to bring in a bill to permit the colonies to abolish the existing protective duties in favor of British produce to which they were subject.[3] It was unfair, he said, not to permit the colonists, as well as the people of England, to buy in the cheapest market.[4] Since these duties in the colonies had been imposed by the imperial parliament, they could, of course, be removed only by virtue of the same authority. Accordingly, late in the session of 1846, and in a thinly attended House of Commons, a bill was introduced, which applied to the British colonies in America and to Mauritius, empowering the queen by order in council to give her assent to acts of colonial legislatures reducing or repealing protective duties imposed upon their imports from foreign countries by the imperial parliament; it provided that such colonial acts should go into operation when the royal assent thereto had been proclaimed in the colony, precisely as if the change had been made directly by

[1] Hansard, third series, vol. 116, p. 183.

[2] 14 & 15 Vict. c. 62.

[3] For the British preference in the colonies see POLITICAL SCIENCE QUARTERLY, September 1917, vol. xxxii, pp. 433-436.

[4] Hansard, third series, vol. 87, p. 1320.

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the imperial parliament. This very important bill passed the House of Commons by a vote of 47 to 8.[1] Its opponents, though negligible in number, did not fail to attack it with vigor, and to show that it involved the repudiation of an essential principle of the imperial system. Said Bentinck:

> The effect of this bill would be to take away the monopoly that, up to the present time, the manufactures and produce of Great Britain had enjoyed in the British Colonies. It would also altogether overturn the colonial system of this country, which has consisted in defraying colonial expenses by the monopoly of trade which her subjects had enjoyed with the colonies. If the present Bill passed, the first act of the British colonial legislatures would be to do away with all differential duties.[2]

Sir Howard Douglas, formerly governor of New Brunswick, and one of the members of the House most interested in imperial questions, declared that the bill was

> a more immediate and portentous confirmation of his apprehensions of the gradual subversion of the colonial system, than he could have expected. . . . He had observed on a former occasion, that having converted the Colonies into commercial independence by allowing them to regulate their own commercial affairs, . . . it would be a question of time, and of money, how long political connexion would survive commercial independence.[3]

Even among those members who were in favor of abolishing British preference in the colonies there was a disposition to find fault with the bill on the ground that it would lead to commercial confusion within the empire. Changes in the colonial customs, some of them thought, ought to be made directly and uniformly by the imperial parliament, not separately by the several colonial legislatures. They argued that to confer upon the latter the power to tamper with imperial statutes might prove a dangerous precedent.[4] The Government and their followers

[1] 9 & 10 Vict. c. 94; Hansard, third series, vol. 88, pp. 746-747. Bentinck protested against hurrying through so important a measure, "when half of the House were gone to the moors, and another fourth were gone to the Continent."

[2] Hansard, third series, vol. 88, p. 738.

[3] *Ibid.*, pp. 743-744.

[4] *Ibid.*, pp. 678-679.

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expressed the hope that all the colonies would seize the opportunity offered them to sweep away protective duties and adopt the new commercial principle of free trade. But the colonies were not compelled to do this, and it could not be denied that the bill might result in disunity in the commercial policy of the empire.

The intent of the law was not to confer full commercial autonomy upon the colonies. It enabled them to repeal or reduce existing imperial duties, but it gave them no authority to impose protective duties upon British goods, or even new protective duties upon foreign goods. The prime minister explicitly stated that "the whole power which they gave the colonies was to repeal duties already existing; they did not give them any power of enacting differential duties, or of imposing duties on British goods which they did not at present possess."[1] The colonial secretary, Earl Grey, was equally emphatic on this point. He "hoped it would not be supposed that, by passing this Bill, they abandoned the right and authority which Parliament always possessed, of regulating the general trade of the colonies and the mother country, in the manner most conducive to the welfare and prosperity of the Empire."[2] And many years later, in his old age, the veteran free trader wrote:

> When the system of Free Trade was adopted no question had ever been raised as to its being right to maintain this authority of Parliament (though on some occasions the wisdom with which it was exercised was disputed), nor was it imagined by any one that it was to be relinquished because the new policy of relieving trade from injurious restrictions was to be adopted. It was, on the contrary, assumed by all parties as a matter of course that the commercial policy of the Empire would continue to regulate as heretofore all measures relating to the trade of the Colonies.[3]

[1] Hansard, third series, vol. 88, p. 683. [2] *Ibid.*, p. 907.

[3] Earl Grey, The Commercial Policy of the British Colonies and the McKinley Tariff, pp. 13–14. He believed that the policy later adopted by the imperial government of permitting the colonies to set up protective systems of their own was unwise in the extreme, and that it was in direct violation of the imperial policy of free trade; *ibid.*, pp. 14, 16–17. Like Lord Durham, he believed that colonial self-government should not extend to the regulation of trade, and like the modern advo-

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For several years after 1846 the governors of those colonies which possessed representative legislatures were instructed to withhold their assent to bills imposing differential duties.[1] By the Australian Colonies Constitution Act of 1850 the colonies of Australia, though authorized to levy duties upon imports, both foreign and British, were expressly forbidden to impose differential duties.[2] It was not until 1873 that they were finally permitted to do so and then only in order that they might remit duties upon each other's products.[3]

The colonies to which the act of 1846 applied were not slow to avail themselves of the permission it gave them. Late in 1846 Earl Grey wrote to Lord Elgin, recently appointed governor-general of Canada:

> . . . it is of the utmost importance that the Provincial Legislatures should strenuously co-operate with the Imperial Parliament. So far as the repeal of the differential duties hitherto imposed upon Imports into the Colonies from Foreign Countries, for the purpose of favoring the British producer, I can have no doubt that the Colonial Legislatures will gladly avail themselves of the power conferred upon them, by at once putting an end to these duties;[4] . . .

In the following June, Elgin brought the subject to the attention of the Canadian legislature,[5] and an act was soon passed repealing all imperial duties in Canada, and abolishing the distinction in taxation between British and foreign goods.[6] Similar action was taken by the legislatures of other colonies,[7] and

cates of imperial reciprocity, he held that the only secure bond of empire is a sense of community of interest, though he disagreed with them entirely as to the means of preserving it; *ibid.*, p. 20.

[1] *Ibid.*, p. 14.

[2] 13 & 14 Vict. c. 59, sec. 27.

[3] 36 & 37 Vict. c. 22.

[4] Journals of the Legislative Assembly of the Province of Canada, vol. 6, appendix no. 1 (K).

[5] *Ibid.*, vol. 6, p. 7.

[6] Provincial Statutes of Canada, 11 Vict. c. 31.

[7] See, *e. g.*, Acts of the General Assembly of Nova Scotia, 1847, 10 Vict. c. 12 and 13; Acts of the General Assembly of New Brunswick, 1847, 10 Vict. c. 54; Journals of the House of Assembly of Prince Edward Island, 1847, pp. 93, 120; Laws of Jamaica, 1846-1847, 10 Vict. c. 22; Laws of Barbados, no. 238; Laws of Antigua, no. 102.

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within a few years, British preference in the colonies was a thing of the past.

III

In 1853 Disraeli, who had succeeded to the leadership of the Conservative party in the House of Commons left vacant by the death of Lord Bentinck in 1848, described all that then remained of the protective system as its "rags and tatters," and urged that the principles of free trade be carried out to their full extent.[1] The "rags and tatters" were disposed of by the tariff acts of 1853 and 1860, and with them disappeared the last vestiges of the preferential system.

In his first budget speech as chancellor of the exchequer in 1853, Gladstone laid down as one of the general rules for tariff revision the abolition of colonial preference wherever possible. He said:

> We propose in many instances, where there are at present differential duties in favor of British possessions, to merge those differential duties altogether by lowering the foreign articles to the level of the colonial; but where we are not able to lower the foreign articles to the level of the colonial we have not thought it would be considerate in any case to raise the duty on the colonial article.[2]

The tariff of 1853 abolished differential duties in favor of the colonies on rice, soap, starch, hams, and manufactures of fur, skin, wool and cotton. It left them upon the following articles only: timber, tallow, butter, cheese, eggs, apples, ginger, licorice, caraway seed, wine, spirits, and manufactures of silk.[3] On other goods the colonies enjoyed no preference.

[1] Hansard, third series, vol. 124, p. 1036. By 1849 Disraeli had become convinced that Great Britain was committed to free trade, and his budget speech as chancellor of the exchequer in April 1852 was intended to rid his party of the incubus of a lost cause. In March 1853 he voted with the radical free traders in support of a motion which contemplated the repeal of the remaining protective duties; Monypenny and Buckle, Life of Disraeli, vol. iii, chaps. viii, xi; Hansard, third series, vol. 124, pp. 1012–1013, 1040–1041. By this time the working classes, for whose support Disraeli was coquetting, had become strenuous free traders, as they were not in 1846; Morley, Life of Gladstone, vol. i, p. 425.

[2] Hansard, third series, vol. 125, pp. 1415–1416.

[3] 16 & 17 Vict. c. 106.

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It was the famous tariff of 1860, the last great reform of the British customs effected by free trade, that finally extinguished colonial preference.[1] Though it grew out of the Cobden Treaty, which had been negotiated with France earlier in the same year, this tariff granted no exclusive commercial privileges to that country; the changes which it made in the customs applied to all nations.[2] Nor were they confined to the articles involved in the French treaty.

Of the few remaining differential duties which this act abolished, the most important without doubt were those on timber.[3] Ever since 1842 colonial lumber had been admitted at a nominal tax of 1s. per load of 50 cubic feet. The duty on foreign wool had been lowered by successive tariffs to 7s. 6d., where it stood in 1860. The Government now determined to abolish the colonial preference by reducing the foreign duty to one shilling. As on earlier occasions, the British North American timber interests protested vociferously, though in vain.

The funeral oration of imperial preference was pronounced in Parliament by Judge Haliburton, a Nova Scotian by birth, and a vigorous opponent of those forces that were relaxing the bonds of empire.[4] In opposing the equalization of the timber duties, he said:

> In former days it was the policy of this country to nurture its colonies . . . the toast drunk on all occasions was "Ships, colonies, and commerce" . . . now it was "cotton twist and cotton yarn" . . . In those good old days it was thought necessary to cultivate the Colonies,

[1] 23 Vict. c. 22. This tariff left forty-eight articles subject to revenue duties, of which only those on spirits, wine, sugar, tea, coffee, tobacco, grain and timber were of importance.

[2] Hansard, third series, vol. 156, pp. 834, 837.

[3] There was an elaborate classification of timber for purposes of the tariff. The duties referred to were those imposed on undressed hewn wood.

[4] Haliburton is still remembered as the author of a number of humorous and descriptive works, of which The Clockmaker enjoyed the greatest vogue. In the House of Commons, to which he had been elected in 1859, he regarded himself as peculiarly the spokesman of the people of British North America. The strong advocacy of imperial unity that runs through his writings no doubt had its influence in producing a reaction against the clearly marked tendencies of the sixties toward the disintegration of the empire; Haliburton, (Toronto, 1897) pp. 33–36, 77 *et seq.*

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and, on this principle, that those who begot children were bound to protect and support them, . . . every encouragement was given to that forest country to furnish supplies of timber to England at a period when the North of Europe, the only other place that England could get timber from, was . . . closed to this country . . . . The matter was one of great injustice, not with respect to the few shillings a ton, but on the tenure of our Colonies . . . . He could tell them, from his knowledge of the people of North America, that this measure was cutting the first strand of the cable which connected these provinces with this country.[1]

But to those who predicted irretrievable disaster to the empire from the abolition of the timber preference Gladstone was adamant. Said he:

I have so often received the most solemn warnings that in consequence of the reduction of the differential duties on foreign timber total and absolute ruin was about to fall on the Colonies of British North America, which are now more flourishing than ever, that it is natural I should have become utterly impervious, and that these threats should not find entrance into my mind.[2]

Free trade could not fail to destroy the old British imperial system, which had been based upon mercantilist and protectionist principles. Its triumph involved not only the abolition of commercial preference within the empire, and the repeal of the navigation laws, which took place in 1849, but also the withdrawal from the colonies of military forces previously maintained at the expense of the mother country for their defense and police, and the concession to them of wider powers of self-government. Writing in 1853, Earl Grey suggested thus the relation of free trade to colonial administration and defense:

While it was our policy to maintain a monopoly of the trade of the Colonies, it was necessary for the Home Government to exercise a

[1] Hansard, third series, vol. 157, pp. 2098–2099.

[2] *Ibid.*, p. 241. In 1858, for the first time since colonial lumber had enjoyed a high degree of protection in Great Britain, the importation from foreign countries exceeded that from British possessions; this excess naturally continued under the operation of the act of 1860; Parl. Papers, 1905, vol. 72, cd. 2394, pp. 144–145, 160–161, 166–167.

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considerable control over their internal administration, because otherwise this monopoly would certainly have been evaded; . . . the abandonment of that system has removed the necessity for this interference. . . . I think it will follow, that when this country no longer attempts either to levy a commercial tribute from the Colonies by a system of restriction, nor to interfere needlessly in their internal affairs, it has a right to expect that they should take upon themselves a larger proportion than heretofore of the expenses incurred for their advantage.[1]

Many of the apostles of the new commercial dispensation, accustomed as they were to identify the empire with the old imperial system, held, and not unnaturally, that the repudiation of the latter involved ultimately the dissolution of the former. Why, they asked, should Great Britain continue to bear the burdens incident to the possession of colonies, when she derived from them no countervailing benefits? Nor could those who believed that the old system had been sound take much interest in colonies, now that the principles underlying the system had been discarded. In the colonies, too, men began to calculate what benefits they enjoyed by remaining in the empire and whether these were worth the price of continued political subordination to the mother country. So widespread was the anti-imperial sentiment of the day that Earl Grey, in his book on *Colonial Policy*, felt it necessary to explain the grounds for his "dissent from the views of those who wish to dismember the British Empire by abandoning the Colonies."

Free trade, it must be admitted, came near to dissolving the British Empire. But it also made possible in time the conception of a new type of empire in which colonies were to be viewed rather as allies and partners, free to regulate their own affairs to suit themselves.

ROBERT LIVINGSTON SCHUYLER.

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[1] Colonial Policy of Lord John Russell's Administration, vol. i, p. 18. The concession of "responsible government" to Canada, though recommended by Lord Durham in his famous Report published in 1839, was not actually made until 1847, after the victory of free trade seemed assured by the legislation of 1846.

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REVIEWS

The Japanese Problem in the United States. By H. A. MILLIS. New York, The Macmillan Company, 1915.—xxi, 334 pp.

Japanese Expansion and American Policies. By JAMES FRANCIS ABBOTT. New York, The Macmillan Company, 1916.—viii, 267 pp.

If all the self-inspired vaticinators of evil about the fearsome growth of the island empire of the East, if all the folk afflicted with "war psychology," even when there is no war, would read and take to heart the message conveyed by these two books, we might be favored with a wholesome decrease in loose imaginings about "inevitable" clashes and conflicts between our country and the arch-protagonist of "yellow perilism." As the one work sets forth the consequences of Japanese settlement in the United States, so the other handles the larger aspects of Japan's status among nations, in their bearing, respectively, on what ought to be our national attitude toward a problem essentially single, however diverse its ramifications. This problem may be posited simply by asking ourselves whether we propose to deal as justly with Europeanized Japan as, broadly speaking, we have done with the countries of Europe. No one who has gone carefully through the books can fail to catch the fair and generous spirit with which they are pervaded. In a word, they are distinctly conducive to a better understanding of and with our Asiatic neighbor across the Pacific.

The treatise by Professor Millis is the product of a personal investigation undertaken for the "Commission on Relations with Japan," appointed by the Federal Council of the Churches of Christ in America. Most of the material came from observation of the conditions in California. Though the book has no index, an elaborate synopsis of the contents is prefixed to each chapter, and the various sectional headings are printed in a distinctive type. The appendices contain extracts from the treaty and protocol of 1911 between Japan and the United States, the text of the California Alien Land Law of 1913, and certain Japanese statements concerning the struggle over its enactment. The few illustrations are well chosen.

As the author shows in his preface, the problem in hand brings up two questions, one relating to the admission of Japanese immigrants,

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the other to the treatment accorded those already resident in the country. Examining the first of these themes, he explains the reasons for the migration of the Japanese to the United States, especially after 1898, the restraining effect of the "Gentleman's Agreement" of 1907, and the complications introduced by the entry of large numbers of women and the birth of Japanese children on American soil. An estimate of the newcomers as an element in the population of California, with particular reference to the supply of labor and the distribution of occupations, leads to a study of the activities of Japanese in industrial pursuits. Not only the lower wages accepted, but the efficiency and good behavior of the Japanese, employed first as unskilled laborers, soon caused their services to be used more widely, as for example in railways and lumber-mills. The factor of underpayment, however, disappeared when restriction of immigration was established. The author then turns to a consideration of the work and business enterprises of the Japanese in western cities, which he discusses with a view to ascertaining the amount of competition thereby involved with their American neighbors and of opposition to which it has given rise. A similar treatment, but at much greater length, is accorded the agricultural industries carried on by the Japanese. Here the real problem consists in the "development of a capitalistic agriculture with high land values, retarding the natural subdivision of the land and its settlement by families producing a number of crops and doing most of their own work"—a development which was "accompanied to some extent by subdivision of the land and settlement by Japanese as tenant or landowning farmers" (page 123).

Taking up the matter of alien land legislation in California, Professor Millis, while condemning the whole procedure as "unjust, impolitic and unnecessary," admits that the great majority of the people of the state favor it. This contradiction between the mere merits of the case and the popular attitude toward it is due to Japanese characteristics as Californians regard them, to economic competition and to the drawing of the color line. As to the possibility of assimilation between the races, he is candid enough to say that, "even with limited numbers," such a solution is "unlikely to occur in the desired degree," when confronted with the religion, patriotism and clannishness of the Japanese, set over against similar proclivities on the part of the Americans. In other words, no matter how much the Japanese in the United States adopt here the externals of Europeanization, which they have applied at home, so long as the traits, psychology and customs that identify them as Japanese, apart from the characteristics they

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bear in common with all other human beings, endure, just so long will they be and remain a people in, but not of, the American body politic, social, moral and intellectual. The evil of race amalgamation, however, is "pretty much of a 'bogie'" (page 253).

In conclusion the author discusses certain concrete suggestions for meeting the difficulties that the problem has created. While American standards must be upheld, anything like absolute exclusion of the Japanese under present circumstances would be not only illogical but a positive affront to Japan. The plan of Dr. Sidney L. Gulick to have Congress enact a new and comprehensive immigration law, which, as applied impartially to all races, would allow a "maximum annual immigration from any land of a certain fixed percentage of those from that land already here and naturalized," Professor Millis thinks might be modified, in the interests of a general restriction of immigration into the United States, by defining more precisely the status of "immigrants," and by providing that, with certain exceptions as to American countries of origin, the number of such persons admitted in any one year "shall not exceed 5 per cent of the total of those who have taken their 'second papers' and the native born of one or both parents in the given country" (page 293). Once allowed to enter, newcomers should be treated alike as to eligibility to citizenship.

The treatise by Dr. Abbott, on the other hand, views the relationship of Japan and the United States from a political angle, and rests upon general impressions derived from an actual residence in Japan as instructor in a naval academy. It is not the product of painstaking research or even of especially wide reading. The attitude of the author is subjective, and the spirit he displays one that is markedly sympathetic toward the Japanese. Sources for statements made are rarely vouchsafed. Signs of hasty writing (*e. g.* pages 216, 246), also, are not absent. Yet the book is an excellent sedative for alarmists.

Dr. Abbott does not believe that war between Japan and the United States is at all probable during the present generation. That it might come is the very best of reasons why the American people should seek reliable information about the Japanese and their ambitions. If a conflict should arise, he thinks that the fault will be largely ours. Just as the lack of any personal animosity among the peoples of Europe did not prevent the present war, so the long friendship between the United States and Japan may not serve to ward off an ebullition of popular frenzy which precedes a clash of arms. It is the part of wisdom,

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therefore, to stimulate that friendship in proportion as the factors in the situation are clearly and impartially made known.

The first three chapters of the book are devoted to a sketch of the historical background up to 1912, showing how Japan emerged from the seclusion of feudal days and took on the panoply of Europeanization that has converted it into a great power. A feature incidental to the description is the vigorous way in which the inept policy of Philander C (not "Q," page 64) Knox in trying to block the Japanese railway plans in Manchuria is criticized. Then follow several chapters that elucidate the material on which the central conclusion of the treatise is based, namely, that war with the United States would be national suicide for Japan. They deal with the Philippines, the evolution of Japan from an agricultural into a manufacturing nation, the resentments kindled by the contact of Japanese and Americans on the Pacific coast, as an exemplification of the "yellow peril" in a "white man's country," the chances of war, and the dilemma in which the island empire finds itself, because of the pressure of industrial necessity and of popular demand for expansion in the face of a suspicious, grudging, unfriendly and jealous attitude on the part of European nations and our own country. Dr. Abbott ends his work with an appeal to Americans to "recognize Japan's aspirations as an Oriental power, in the belief that it will be to our own advantage to do so."

The most efficacious means, we are told, of attaining this result would be to admit that Japan is entitled to occupy in the Far East a position like that held by the United States under the Monroe Doctrine in the western hemisphere. Provided that we do hold such a position under that particular ægis, and provided that a definite agreement can be reached as to the precise meaning of that pronunciamento of American foreign (or is it domestic?) policy, the idea of a "Japanese Monroe Doctrine," which has been frequently broached of late, seems plausible, and even desirable of realization. But the great difficulty with which its advocates have to contend is the fact that the relations of the United States with its sister republics in the New World are apt to be determined by considerations quite apart from the Monroe Doctrine, though commonly confounded with it. To recognize, as this country has done, that Japan possesses "special interests" in China, is not to extend the underlying sentiment of the Monroe Doctrine, but to make the other aspects of the position of the "Colossus of the North" among its American brethren applicable across the sea.

WILLIAM R. SHEPHERD.

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The Scandinavian Element in the United States. By KENDRIC C. BABCOCK. Urbana, University of Illinois, 1914.—223 pp.

This is an elaborate essay on the influence of Swedish, Danish and Norwegian immigration to our northwestern states since the middle of the nineteenth century, written by a scholar with exceptional qualifications for the task. It was just twenty-five years ago that Professor Babcock's article on "The Scandinavians in the Northwest" appeared in the *Forum*, and even that article was based not alone on many years of study of the subject, but also on wide-reaching personal acquaintance and contact with Scandinavian communities.

After describing in a fascinating narrative the epochs of immigration of Norwegians, Swedes and Danes to this country, and their expansion and distribution in the Northwest in the last half of the last century, Professor Babcock devotes chapters to the economic status of the Scandinavians among us, to their religious and intellectual life, to their social characteristics, to their party affiliations and political activities. His interesting pages amply confirm our traditional judgment of the "desirability" of the Scandinavian immigrant. "In temperament, early training, and ideals, the Scandinavians more nearly approach the American type than any other class of immigrants, except those from Great Britain."

The author is not blind to the faults of the Scandinavians in America, such as a conservatism (especially in religion) which has sometimes bordered on stolidity and fanaticism, and a clannishness which has sometimes made them obstructionists in political life. But by and large he finds their economic, social and political influence wholesome for America. He has not met a single Scandinavian adult unable to read or write. Swedes, Danes and Norwegians have come to this country, not to escape exile or persecution at home, but to establish families in surroundings that offered greater rewards for industry and economy. They are "decently educated, able-bodied, law-abiding men and women" who make but meager contributions to the pauper and criminal class. They come from lands of peace in Europe to make peaceful homes here, and bring with them no revolutionary traditions to encourage "Mafias, Molly Maguires, anarchistic lodges, or other survivals of ancient servitude or foreign hates." They are builders and not destroyers. They are here to remain as thoroughly loyal American citizens, and they have shown a ready appreciation of our ideals of freedom and justice.

D. S. MUZZEY.

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Economic Protectionism. By JOSEF GRUNZEL. Oxford, Clarendon Press, 1916.—xiii, 357 pp.

The Division of Economics and History of the Carnegie Endowment for International Peace could have adopted no more certain method of insuring the scholarly character of its book on economic protectionism than to intrust the preparation of that work to Dr. Josef Grunzel. The remarkable erudition of the Austrian savant in all that touches commerce and commercial policy is evident on every page of this volume, which is a veritable encyclopedia of facts, not only concerning the conditions of international trade and the expedients of all conceivable customs policies, but concerning colonies, foreign investment, emigration and immigration, shipping, railway rates, and a dozen other subjects that touch the main topic only indirectly.

One of the chief merits of the work, indeed, is the broad basis on which it is conceived and executed. The author recognizes protectionism as "the totality of those measures by which the national economy seeks to promote its interests in the world-economy field" (page 125). He therefore deals not only with customs duties on both imports and exports, but with freight rates, with veterinary exclusions, with exclusions in connection with the letting of public contracts, with boycotts and other appeals to the voluntary action of consumers against foreign goods, with export bounties, with shipping subsidies and bounties, with measures for discouraging and controlling capital export and for encouraging its import, and with devices for the encouragement or discouragement of emigration or immigration, as the supposed interest of the national economy may require. Nowhere else will the reader find so complete and convenient an enumeration of protectionist devices, in relation to the theoretical structure of protectionism.

Dr. Grunzel's theory is frankly protectionist. He begins by showing the relations between private economy, national economy and world economy. The national economy for him is "the permanent form of organization which on political and economic grounds must defend itself against injurious tendencies originating in the world-economy sphere" (page 142). He does not believe in increasing isolation of states or in growth toward full world economy, but in the continued co-existence of national and of world economy. The progress toward larger customs areas which he notes signifies "only an arming for the conflict on the world-economy plane" (page 20), and "the individual state must not inquire what is good for the world, but exclusively what is good for itself" (page 335).

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The old idea that commerce was chiefly an exchange between agricultural and manufacturing countries is incorrect, according to Dr. Grunzel; trade is directed toward the industrial countries. "World commerce is a product neither of physical nature, nor of peoples in respect to their number and physical qualities, but of advanced civilization" (page 70). Hence Dr. Grunzel rejects the developmental (infant-industry) and compensatory theories of protection, and advocates a defensive theory, which makes of protection a permanent policy designed to secure the domestic market for domestic producers by political means. In all this there is little that is new, except the elaborate paraphernalia by which the view is defended, and the completeness with which all phases of the policy are presented.

The basis of the whole theory is the concept of national as opposed to individual and world economy. The state must defend and develop its own economy as against attack from the world-economic sphere. Now just what is this national economy? Dr. Grunzel formally defines it as "the economic activity of the politically organized state" (page 1) and elaborates his idea by showing how society has interests which frequently clash with those of individuals. Clearly it is not the government as a fiscal and administrative organ that is here in view, but the state as an economic society, an organism directed by a common will. Without entering into the interminable controversy as to whether society is an organism, it is enough to point out that the notion of a national economy as a thing in and for itself, apart from and superior to the individual economies composing it, cannot be made to contain any definite economic meaning. As a political, military or metaphysical concept it doubtless has validity, but not as an economic one. The definite and comprehensible end of individual economy is the maximizing of individual gratifications, and the end of state and world economy is exactly the same. The moment we substitute state economy as end in itself, that moment we begin to talk politics or metaphysics and not economics. It may indeed be desirable to build up the economic power of the state for military or political ends, and to sacrifice the economic welfare of the citizen on the altar of power; but we should not do so under any delusion about building up a national *economy*.

The state has no arms or stomach. Individual man, the doer, the eater, is the one thus endowed; and the ultimate end of economic activity is the well-being of individuals, whether organization be on a national or on a world-wide scale. As for the political ends and ambitions that play so important a part in the relations between men and

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states, no economist can think clearly if he fails to recognize that political ends are not economic ends, however important the economic results that they produce. The economic theory of protection ought to deal with economic values, and it is the duty of the theorist to separate them off from other values. Like many other protectionists, Dr. Grunzel signally fails to make this separation.

The failure is the more serious because at the present moment political values have an uncommonly large emotional content. If there is anything that the world specially needs just now it is to distinguish its ideas from its emotions. Because Germany's economists for a quarter of a century have mixed their economic ideas with their political emotions, mistaking the latter for the former, they have done full duty in creating the intellectual and spiritual atmosphere out of which the present monstrous world catastrophe has issued forth. Though his book is not a war book, Dr. Grunzel lays himself open to the same charge; for the national economy with which he is concerned is after all at bottom a political and not an economic creation of the mind.

As for the "thorough and scientific investigation of the causes and results of war" which the Carnegie Endowment announces as the underlying purpose of this and other volumes in the same series, it is doubtful how much such a study as the present one contributes toward that end. An unqualified nationalist, Dr. Grunzel gives little evidence to show how important or unimportant are the rivalries of capitalist investors and traders in arousing international irritation. Nor does he show how far protective tariffs have served to keep alive such irritation and to prevent the development of world trade on a basis of individual competition rather that of national rivalry. It is on such questions as these that we need light.

Dr. Grunzel falls, too, into the vulgar protectionist error of writing almost exclusively from the standpoint of the capitalist producer. Production is the end, and distribution and consumption are all but forgotten. An undesirable result of a large tourist traffic, for example, is that the cost of the means of life and of labor power may be increased and so the cost of production may be raised (page 117). The immigration of persons living on an income will always be welcome because they are consumers without being producers, and hence the productive capacity of the domestic population is increased (page 270). Was the coming of the German army a blessing to the Belgians? It was certainly adapted to make work for them. The encouragement of immigration is "the most important measure of economic protective policy for the development of humanity" (page 338); it also has the beneficent result of giving employers cheap labor.

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Dr. Grunzel seems to share with his fellow-protectionists of Central Europe the inability to understand the classical theory of international trade. Ricardo and his followers indeed did not exhaust the possibilities of trade theory, but they ought to have made it forever impossible for serious students to talk of the possibility of a country ruining itself by buying endlessly abroad without selling anything in return, and that is what comes close to being suggested on page 130 of the present work.

Viewed from the theoretical point of view, Dr. Grunzel's book cannot be accorded high rank. Its thinking is far from clear; for while its author supposes himself to be thinking economically, his ideas are actually in large part concerned with political values. His treatment, so far as it is actually economic, embodies errors of thought from which British economists had emancipated themselves half a century ago. Despite these weaknesses, the wide learning of Dr. Grunzel and the laborious care with which he has marshaled a vast array of facts make his book probably the most useful single treatise available on the subject. And if its thinking is bad, it is not unique among protectionist books in that respect.

H. R. MUSSEY.

Profit and Wages: A Study in the Distribution of Income. By G. A. KLEENE. New York, The Macmillan Company, 1916.—iv, 171 pp.

Like most economic theorists, Professor Kleene begins his work not by attacking facts, but by attacking current theories. A just review must present his criticisms, however little a summary of his terse argument may mean to men not versed in current controversies in this subject.

The first structure to be razed is Böhm-Bawerk's theory of interest. Professor Kleene holds that the technical superiority of present goods might perhaps form the basis for a productivity theory of return upon capital, but he denies that it can be fitted into a pure agio theory. The time-preference theory "carries rationalism to excess" (page 52); "it attributes to savers and investors, feats of calculation of subjective costs and gains which are utterly impossible to mortal man" (page 167). The abstinence theory grossly misrepresents the relative importance of the various forces which control the supply of capital; "abstinential savings appear, to the extent of their tenuous being, a mere epiphenomenon of our modern industrial system" (page 77).

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The productivity theory is distinguished by having two vital faults: first, the calculus of homeopathic doses of labor and capital which it postulates is unreal; second, it fails to explain why the value of the capital good is not equal to the value of its entire product.

Having thus "proved untrue all written heretofore" upon interest, Professor Kleene comes to the problem of profit and wages. Three methods of solving this problem may be tried. (1) We may say that the division of the joint product is the outcome of a struggle. That is the bargain theory. It virtually gives up the problem. (2) We may say that each claimant gets what it contributes to the joint product—the productivity theory. The defects of this theory with reference to the share of capital have been exposed already. As for the share of labor, there is indeed a tendency to distribute wages among different grades of work in accordance with their marginal productivities. But that does not at all account for the *general* level of wages (page 146). (3) We may frame an independent theory of one of the two shares, and treat the second share as residual. That is the course which Professor Kleene takes. The share which he explains on independent grounds is wages.

Set aside "rent and some profits as differential," concentrate attention "on the division of the marginal product" (page 17), forget the existence of money" (page 10), consider all capitalists as forming one group and all laborers as forming a second group. Then capital consists of "subsistence advanced to the laborers"; it "is the one investment of capitalists as a class with reference to productive enterprise." Other things called capital, such as machines, are bought by one capitalist from another—they enter into intra-class commerce, but not into the inter-class commerce with which we are concerned (pages 11–13). In other words, capital is a fund of consumers' goods "intended for the purchase of labor alone," fit for no other use, and therefore "a fund all of which must be invested" in buying labor (pages 145, 146). The size of this fund is one of the great determinants of the general level of wages. The other great determinant is the number of laborers. This number is not fixed. The "part played by immigration in the labor markets of all the great industrial areas" is so important that we must admit "the conception of a flexible supply of labor with a gradually rising scale of supply prices." Putting the two factors together we see "that the size of the wages fund, or the supply of capital as we conceive it, together with the supply prices of different quantities of labor, determine[s] the general level of wages" (pages 157, 158).

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In his last chapter Professor Kleene considers the state of economic theory at large. His own conclusions "carry us back to doctrines of the classical school. They include the classical concept of profit of capital, in place of the later notion of profit and interest as independent shares; a residual-claimant theory of this profit not differing greatly from Ricardo's; and the wages fund theory." "In the search for a satisfactory fundamental theory" he thinks that "the classical thinkers are still our best guides." Modern theory, he continues, has fallen into errors because it has yielded to two unfortunate tendencies. One is "the excessive rationalism of the utilitarian calculus, whose pedigree may be traced to Bentham, but whose greatest vogue has come through the influence of the so-called Austrian School." The other is the treatment of "distribution as essentially included in the general theory of value." That is bad because the two problems differ radically. "To the theory of value, commodities appear as competing for the consumer's favor;" there are numerous alternatives to be considered. But when the problem of distribution is reduced to essentials there are no alternatives. There "remains but one thing to buy for the entrepreneur, and that is labor." Likewise the laborer has no choice; he must sell his labor, and the entrepreneur is the only buyer. About this process of bargaining between two social classes the theory of value says nothing of moment.

Presumably this vigorous little book will be answered by those whom its criticisms chiefly concern. They can find much to say in reply, and Professor Kleene more to add in rejoinder. There is no reason why the discussion conducted on present lines should not last until "the youngest critic has died."

John Dewey recently remarked that philosophy "is unusually conservative—not, necessarily, in proffering solutions, but in clinging to problems." To emancipate philosophy he "raises a question *as to the genuineness, under the present conditions of science and social life, of the problems.*" (*Creative Intelligence*, pages 2, 5). May not economists profit by Professor Dewey's question? The problem which Professor Kleene sets is confined to "capitalism," yet it bars out the use of money, monopoly, and pecuniary employments of capital (pages 5, 6, 10). It rolls all employers into one capitalist and all employees into one laborer. It supposes a process so unreal that "statistics and history can give little aid" (page 3). Is this a genuine problem, "*under the present conditions of science and social life*"?

WESLEY C. MITCHELL.

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Studien zur Geschichte kapitalistischer Organisationsformen, Monopole, Kartelle und Aktiengesellschaften im Mittelalter und zu Beginn der Neuzeit. Von JAKOB STRIEDER. München und Leipzig, Verlag von Duncker und Humblot, 1914.—xxix, 486 pp.

Some fifteen years ago Werner Sombart, now professor of economics at Berlin, startled the scientific world by asserting in his great book on *Capitalism* that the accumulated funds which made possible the capitalist development after the close of the Middle Ages had been derived from agricultural profits. One of his students, Jakob Strieder, who seriously doubted this conclusion, started to work in the archives of some of the south German cities and was able to prove conclusively in his *Zur Genesis des modernen Kapitalismus*, published in 1904, that in Germany, at all events, the accumulations had been derived, as had always been supposed, from the trading opportunities opened up in large part by the discovery of the new world.

Having become interested in this general subject, Dr. Strieder, who in the meantime had become *Privatdozent* at Leipzig, continued his studies in the archives of six or eight important centers, like Dresden, Leipzig, Munich, Weimar, Augsburg, Vienna and Wetzlar, and succeeded moreover in having put at his disposal noteworthy documents from a dozen other cities. As a result of these researches, Dr. Strieder was able to trace in some detail the beginnings of capitalist development and more especially the origin of the early financial and industrial combinations analogous to our trusts and the German cartels. He has set his interesting results before the scientific world in a stately and well-printed volume of considerable importance to the student of economic history.

The industry in which capitalism first made its appearance in Germany and which was indubitably of chief significance at the end of the Middle Ages and at the beginning of the sixteenth century was the mineral industry. The first book contains, therefore, a detailed description of the German mines of various kinds and of the development of the conditions that have become familiar in modern times, from the financial control at the top, represented by the Fugger and other capitalists, to the growth of the proletariat at the bottom, with woman and child labor, the truck system, strikes and lockouts etc. The second book deals with the relations between this early capitalism and the economic ideas of church and state as represented in medieval ethics. This brings the author to a consideration of the monopoly problem as it developed in Germany in the sixteenth century.

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These two books, which occupy about one hundred pages, form the introduction to the third book, which treats of the subject proper, and is entitled "Monopolies, Cartels and Corporations in the Middle Ages, and at the Beginning of Modern Times." On the basis of entirely fresh studies in the archives, Dr. Strieder is able to show how the German corporations, at least in the sixteenth century, developed out of the family firms and partnerships of the earlier times. He presents an account of capitalist combinations in a great variety of industries, almost all of which, however, deal with important raw materials. The first scheme of the kind which he discusses *in extenso* is the salt trust of the year 1301, a pooling arrangement made by the farmers of the salt monopoly, carried on by the governments of France and Naples respectively. The second important illustration is the aluminium pool or trust, of the year 1740, in which representatives of the papal see itself carried on negotiations with a variety of financiers all over the world. Then came the tin trusts in Saxony and Bohemia, the quicksilver trust in various parts of the empire and a number of other important combinations.

The general conclusions to which Dr. Strieder comes are not very different from those reached by Professor Hermann Levy in his studies of the seventeenth and eighteenth-century trust and monopoly movement in England, which are well known to all students of the subject. These conclusions are that the origin of the combination movement in the early or pre-capitalistic period is to be sought in the fiscal necessities of government, and that the early monopolies, like the early corporations themselves, had a distinctly political side. The real contribution that is made by Dr. Strieder consists in affording abundant confirmation of the fact that the great financiers of the Middle Ages were concerned not only, as we previously knew, with financing loans to needy potentates, but also with controlling industrial production, as is the case at present. A fundamental difference, of course, is that whereas this relation now constitutes a characteristic mark of industry, it was confined, in the early Middle Ages, to a few selected industries which were, so to speak, oases in the desert of non-capitalist enterprise. Dr. Strieder's researches will, however, serve as a useful corrective of those who are in the habit of dividing history into water-tight compartments or absolutely independent pigeonholes. In other words, from the beginning of industrial enterprise in the early Middle Ages we are confronted, in some industries at least, with characteristics that have in modern times become, if not universal, at least far more widespread than in the medieval period.

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Dr. Strieder tells us that he hopes to continue his investigations in the archives of other cities and that it is his expectation to be able to add in this way considerably to our fund of knowledge. We sincerely trust that the present world-conflict will not interfere with the achievement of this scientific task. The book as it stands is a worthy companion to the epoch-making studies of Professor Scott on the early history of the joint-stock companies in England. Not the least important feature to the student is the carefully selected bibliography.

EDWIN R. A. SELIGMAN.

Der Staat als Schlichter gewerblicher Streitigkeiten in den Vereinigten Staaten, Kanada und Australien. By HEINRICH JUNGHANN. Tübingen, J. C. B. Mohr, 1914.—xii, 93 pp.

As suggested by the title, the monograph by Dr. Junghann is a discussion of governmental interference in industrial disputes based on the experiences of three countries, the United States, Canada and Australia.

So much has been written of governmental attempts to prevent strikes and lockouts, especially of the experiments in Canada and Australia, that added discussion can be justified only when something new can be offered. In method of approach and conclusions, Dr. Junghann cannot be said to have made a contribution. In a brief introduction in which attention is directed to the universal interest in means of insuring industrial peace, he raises the question which is the keynote to the article, namely, to what extent the government shall be authorized to make use of compulsory power in its intermediary activities. He then proceeds to outline briefly for each of the three countries under consideration the development of labor organizations and anti-strike and lockout legislation; to state the attitude toward such legislation and to cite cases illustrating the enforceability of restrictive provisions. The general conclusion is reached that conciliation has been attended with considerable success but that arbitration has failed.

In explaining the failure of arbitration Dr. Junghann reveals most clearly his own philosophy respecting the labor problem. This philosophy is so interwoven with the entire discussion that it gives color to his criticism and conclusion. Two reasons are assigned for this failure: first, the absence of acceptable standards of justice, particularly as to which part of the national wealth should go to capital and which part to labor, and the inability of the arbitrating

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body to determine such standards; second, the absence of any practical means of enforcing awards. As proof of the latter it is explained that in Canada and Australia standards of justice fixed by the award were altered by force when they did not correspond to the relative strength of the parties. Even if the use of force is prohibited and this prohibition is successfully carried out, Dr. Junghann contends that the parties still have the means of correction at hand. He asks this question:

> Who can prevent well organized labor with a powerful influence on the labor market from reducing the supply of labor by a common agreement when it judges the price of labor too low? And who will prevent the employer, when he considers such price too high, from answering it by discharging workmen? Herein lies the fundamental question of the entire arbitration idea: Will the power of the government be strong enough to alter the most fundamental of all economic laws, the law of price determination through supply and demand, to suit it to any conception of social justice?

Neither public opinion, as in Canada, nor the power of the government, as in Australia, is regarded by Dr. Junghann as being strong enough to enforce the awards of government boards of arbitration. Thus while admitting that a part of the decisions were accepted by both sides as reasonable, and were followed without resistance, thus really preventing strikes, he holds that these were the decisions which gave to both sides just what they would have been able to get by force, or which corresponded to their respective strength in the labor market or, in the final analysis, to the law of supply and demand. This leads to the rather naïve conclusion that, since awards are enforced if at all by the parties to the disputes, arbitration boards might be successful if awards fitting the probability of self-enforcement were made. The process of arbitration is thus reduced to a very simple formula, in the application of which strikes are prevented and the prestige of the board is strengthened.

> All successful [Canadian] board chairmen have placed the emphasis of their activity upon non-compulsory mediation. When the differences showed themselves of such a serious character that in spite of all endeavors an equitable agreement was no longer attainable, then the following has proved useful: The decision is most likely to be found along the line of seeking only—with suspension of subjective evaluations of "right" and "reasonableness"—to appraise the objective strength of the parties and their chances in an eventual strike and to determine from this—after the

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manner of the judge of maneuvers—the award. As soon as the parties feel that the award recognizes their relative strength, and that no more is to be expected from a strike or lockout than is given by the decision, they are inclined to accept the latter as equitable. And if the strike even then does occur, the arbitrator still has the result, strengthening his authority, that the parties, at the conclusion of the strike, come to an agreement corresponding closely to that prescribed by him.

Now it is possible that arbitration may be justly charged with having at times placed greater emphasis on an acceptable than on an equitable decision. But granting this, and admitting that awards are most apt to be complied with when corresponding closely to what the parties think they could get through force, it does not follow that the principle of justice should ever be subverted to that of expediency or might. Certainly an arbitration body that concedes the demands of the stronger party irrespective of what is deemed just has little claim to prestige and has not advanced the principle of arbitration. Yet this is the program that, in his concluding remarks, Dr. Junghann suggests for arbitration.

Regardless of the opinion one may hold of what constitutes the dominant factor in wage determination, or of the justness of interference with the right of the employer to lock out or of the employees to strike, the fact remains that a number of countries are trying the experiment of entrusting to government authority the fixing of wages and working conditions and that the trend of future legislation will be determined in no small measure by the results of such experiments. It is highly important, therefore, to keep in mind that these are not laboratory experiments; that the results are not exactly commensurable and are apt to be clouded by the presence of factors which do not in themselves condemn the principle of arbitration. In calling attention to the absence of acceptable standards and to the difficulty of enforcing awards, Dr. Junghann has indicated two of the chief obstacles to the success of arbitration. He has not, however, proved that the obstacles are insurmountable, or given sufficient cause why they should be avoided by substituting conciliation for arbitration. The application of his formula for successful arbitration, if it may be taken seriously, would be as destructive of law and order as it is inequitable in principle.

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Modern Currency Reforms. By EDWIN WALTER KEMMERER. New York, The Macmillan Company, 1916.—564 pp.

This is one of the most valuable books that have appeared in the field of money and banking during recent years. The method of treatment is primarily historical rather than critical. Professor Kemmerer is a thorough student of monetary theory and he has also had wide experience in the difficult task of bringing disordered financial systems into accord with sound principles. As expert for the United States and other governments, he has served in all parts of the world. In the present work he outlines the experience of five countries in revising their currency systems: India, Porto Rico, the Philippines, the Straits Settlements, and Mexico. Necessarily the work is more nearly a chain of historical monographs than a closely knit unit. The one connecting thread is the gold-exchange standard, which runs with more or less strength throughout the book.

The work will not be of great value to the immature student or to the business man who is untrained in the field, unless it is read under the tutorship of a capable instructor; but it is the very best kind of material for the advanced student. In the first place, it is evidently the well-ripened product of long and careful research as well as actual experience in the game of currency reform. As such, it furnishes to the earnest student an example of the kind of work he should train himself to do when he reaches maturity.

Professor Kemmerer confines himself largely to a statement of facts without much expression of opinion or drawing of conclusions. This is a fault in the mind of the general reader, for it leaves the book more or less without point to him. It forces the trained reader to think for himself. On the whole, the work would be better and certainly more interesting if the author were a little bolder and would say more of what he thinks as well as what he knows. A supplement well worth while would be a chapter or article discussing the possibility of using the gold-exchange principle in adjusting the currency systems of larger nations to the requirements of the present time and the time after the war.

There is a wealth of references both in the footnotes and in the text. At the end of each of the five parts there is also a selected bibliography. The careful student often finds this kind of references as valuable as the text.

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The Declining Birth-Rate: Its Causes and Effects. New York, E. P. Dutton and Company, 1916.—xiv, 450 pp.

This volume of 450 pages contains the report of the National Birth-Rate Commission, established by the National Council of Public Morals, with an abstract of the evidence taken. The inquiry was designed to furnish information as to the extent and character, the alleged causes and the consequences of the decline of the birth-rate in relation to individual and family welfare on the one hand, and, on the other hand, in its broader economic and national aspects. The personnel of the commission included, among its two-score members, well-known representatives from many different groups, i. e. the clergy, statesmen, economists, physicians, statistical experts, research men, teachers and welfare workers. Dr. Newsholme, principal medical officer of the Local Government Board, and Dr. Stevenson, superintendent of statistics of the General Register Office, brought the available statistical data to aid the inquiry. The commission and its four sub-committees, one of which was composed of prominent women, spent two and one-half years in their work. Many witnesses were called and some supplemental inquiries were undertaken. About one-fifth of the volume contains the report and the bibliography, under five section heads as follows: (1) Statistical evidence, (2) economic and social aspects, (3) housing aspects, (4) medical aspects, (5) moral and religious aspects.

The conclusions, regarded as established by the statistical evidence, reveal nothing of importance that had not been stated by the statistical experts in previous publications, i. e. the amount of the decline; the fact that it is not to any great extent due to change in the marriage rate or to postponement of marriage; the unequal distribution of the decline among various social classes and in different parts of the country; the fact that higher infant mortality among the less prosperous classes does not offset their high birth-rate, as compared with the wealthier classes. Existing scanty data and supplemental inquiries undertaken by the commission led to the conclusion, on very meager evidence, that there was good reason to think that illegal induction of abortion frequently occurs among the industrial population, in addition to other means of limitation. But no statistical evidence existed which would make possible a judgment of the magnitude of this factor of criminal abortion. Upon very meager evidence also it was stated that there is no reason to believe that higher education of women has any important effect in diminishing

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their physiological aptitude to bear children. The national statistics do not throw direct light upon this question of the effect of education. No definite statistical conclusion as to the effect of religious profession was felt to be justified because of complications with racial and social differences. No trustworthy statistics were available to show the effect of the spread of venereal disease upon the decline of the birth-rate. It is an important service to bring together existing statistical data and present their analysis in one place, but this section of the report is lacking in proper footnotes and explanation of sources.

On the economic and social aspects the report confesses that the evidence is scanty. The conclusion is reached that for a country with world-wide commercial intercourse like Great Britain, the law of Malthus, that population tends to increase faster than the means of subsistence, does not necessarily hold at all. There is nothing startling about this statement, but it does prepare the way for a later conclusion of a part of the commission that the declining birth-rate is a matter of serious national concern and that measures should be taken to arrest the decline or even to start the trend upward. This supplementary section of the report outlines a dozen concrete measures to promote the end desired. It is pointed out that at present every rise in the condition of the artisan tends to lower the birth-rate of his class. Wherever political or social conditions bring a man into a position in which he hopes to rise or fears to fall, the family will be restricted. Some witnesses maintained that the declining birth-rate had not been injurious to the well-being of the nation. The main report of the commission neither affirms nor denies this view, but offers the rather colorless statement that, if it seems desirable to check further reduction of the birth-rate, certain social-economic changes might well be introduced, as greater security of income through social insurance schemes; measures to increase the sense of safety and provision for future, as favoring a freer play of the instinct of parenthood; equalization of the chances for proper education and betterment of the standard of living; better housing facilities; and the removal of arbitrary restraints. It may be suggested that the expanding standard of living has been a most powerful factor in the decline of the birth-rate, and that the measures proposed are likely to equalize the birth-rate as between different classes, to some extent, but not to arrest the general decline.

The eugenic question was not considered in detail, since the science of heredity is still in its infancy. However, the report con-

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cludes that the birth-rate of Great Britain has been strongly selective and that the physical and mental inferiority of the most fertile social strata is indisputable. Further, the greater part of this class inferiority is probably due to bad environment, and the commission deprecates the tendency to identify "the economic *élite* with the psycho-physical *élite*." While the inheritance of physical and mental characters is not denied by the report, yet, in the opinion of the commission, the broad class distinctions cannot be accounted for on the hypothesis of germinal variations, and environment often prevents the utilization of natural talents.

The evidence on housing as a factor was limited to London, but conditions there were considered typical of large urban districts. Housing difficulties evidently tend to lower the birth-rate, but no solution to this problem is offered in the main part of the report.

Concerning artificial means of limiting births, both evidence and discussion are unsatisfactory. Venereal diseases are asserted to be an important cause of lowered birth-rate, but, since a royal commission had been appointed to investigate this subject, no conclusions or recommendations are offered. The clerical witnesses before the commission were practically unanimous in opposition, on moral and religious grounds, to the practice of abortion and also to the use of mechanical and chemical means of preventing conception. There was less unanimity in reference to other methods of restricting the family. Adherence to the traditional attitude of religious bodies and to well-worn ethical formulas prevented a broad and intelligent discussion of the whole problem of voluntary limitation of the size of the family. The commission was careful to state the various views held and to present no conclusions on the problems involved.

Twenty-four members, about one-half, felt that more was expected of them in weighing evidence and offering conclusions than the main report presented. In their minds, two fundamental questions demanded answer: (1) Is the decline of the birth-rate regrettable? (2) If so, is it preventable, and how? They proceed to answer both of these questions in the affirmative and to outline measures to produce the desired change. They maintain that the decline is not eugenic, but that, on the contrary, restriction prevails most in the classes in which conditions of family life are most favorable. This gravitates against quality of population. Inequality of opportunity and also of capacity are produced both before and after birth by difference of environment surrounding the child. They favor such voluntary restriction as the health of the child, the welfare of

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the family as a whole, and the moral duties of parents toward their children require. They advocate measures to bring about an increase of births so far as is consistent with improvement in the quality of the population.

They maintain that Britain must regard her falling birth-rate with gravest concern on national grounds, must take such practical steps as may be within her power to arrest the decline, and if possible must restore the rate to a higher figure. They are careful to disclaim any desire for imperial domination, for commercial exploitation, or for military subjugation of other races. Among the practical measures advocated they suggest the minimum wage, better educational facilities, state bonuses and scholarships to aid in the education of the children of large families, suitable housing at moderate rents, improved land tenure and agricultural methods, promotion of an intelligent public opinion, a better religious and moral leadership in these matters, and infant welfare work.

The bibliography is very incomplete and there are no critical valuations of the sources which are presented. On the whole, the report does not fulfil the expectations aroused by the article published in the London *Times* of October 31, 1913, at the beginning of the inquiry, setting forth the scope of the work to be done.

R. E. CHADDOCK.

The Trade Union Woman. By ALICE HENRY. New York, D. Appleton and Company, 1915.—xxiv, 314 pp.

Women in Modern Industry. By B. L. HUTCHINS. London, G. Bell and Sons, Limited, 1915.—xix, 315 pp.

Miss Henry has brought together for the first time the material for a serviceable handbook of trade unionism among women. The first chapters give a brief historical sketch of women's unions, followed by an account of the great strikes in the garment trades in 1909 and 1910, and by a discussion of special difficulties in the organization of women. Then the author wanders farther afield to consider problems of vocational training, "The Working Woman and Marriage," and "The Working Woman and the Vote," closing with a chapter on "Trade-Union Ideals and Policies."

The contents are well arranged and clearly presented. Although writing from the standpoint of an enthusiastic partisan, Miss Henry lacks neither discrimination nor perspective in the treatment of her

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subject. The book should prove useful, both for the student and for the general reader. A bibliography and index add to the serviceableness of the work.

In *Women in Modern Industry*, Miss Hutchins covers some of the same ground for the English industrial worker that Miss Henry does for the American. The main plan of the book was to give "a sketch or outline of the position of working women, with special reference to the effects of the industrial revolution on their employment." There are two chapters of historical interest dealing with the employment of women before and during the Industrial Revolution, and there are two more dealing with women in trade unions that also have much of historical as well as present-day interest; but the first part of the book is quite overshadowed in importance by the chapter that was added after the war broke out, and that describes some of the effects of the war on the employment of women.

In brief, clear statement Miss Hutchins pictures the tremendous disorganization of industry in England in the late summer and fall of 1914. Women were especially unfortunate in that the cotton trade was one of those that suffered the greatest injury from the war. Likewise in the fashion trades and in the luxury trades through the country at large women suffered for lack of employment. In the woolen and men's clothing trades, on the other hand, there was a "veritable tidal wave of prosperity." Under the enormous pressure of orders the factory acts were practically suspended, and men, women and children worked over twelve hours a day steadily.

Miss Hutchins tells of the way in which the problems of industrial reorganization and readjustment were finally handled and of the degree of order that was brought out of chaos. She points out how work has more or less changed in character to adapt it to women and how conspicuous has been women's lack of training and experience. In a few cases women have shown unexpected powers in processes hitherto performed entirely by men, but for the most part there has been a subdivision of skilled occupations, so as to bring them within the capacity of the unskilled worker.

The probability that women will continue in industrial work in both England and America after the war, and that they will of necessity be more permanent as wage-earners than before the war, gives especial point to a re-examination of the conditions of factory employment.

EMILIE J. HUTCHINSON.

BARNARD COLLEGE.

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Woman's Effort: A Chronicle of British Women's Fifty Years' Struggle for Citizenship (1865-1914). By A. E. METCALFE. With an Introduction by Laurence Housman. Oxford, B. H. Blackwell, 1917.—xxi, 381 pp.

The Sum of Feminine Achievement: A Critical and Analytical Study of Woman's Contribution to the Intellectual Progress of the World. By W. A. NEWMAN DORLAND. Boston, The Stratford Company, 1917.—237 pp.

Internal evidence points to feminine authorship of *Woman's Effort;* for the sympathy displayed with the struggle for citizenship is too intimate to have been experienced by a man. The author, however, stands apart from the events she chronicles, and presents unemotionally the events which so rapidly succeeded one another between 1905 and 1915. The history is well documented, with precise dates and official records which attest its accuracy. The story of the forty years of effort after enfranchisement between 1865 and 1905 is summed up in the first twenty-two pages. Brief as the summary is, it covers adequately the actual political history of the movement—the bills and resolutions introduced in Parliament, and the petitions presented by suffrage organizations. The remaining 340 pages are occupied with the story of the militant suffrage movement, beginning with the formation of the Social and Political Union in 1903 and ending with the cessation of the fight between the suffragettes and the government at the outbreak of war in 1914.

The story begins with the questions asked of Sir Edward Grey by Miss Christabel Pankhurst and Miss Annie Kenney at the Liverpool meeting. From that time the politicians were asked, not "Are you in favor of votes for women?" but "What do you mean to do for votes for women?" From this meeting, with its first violence against intrusive women who dared to ask for something for themselves, the author traces step by step the acts which marked the growing impatience of the women and the blundering and ineptness of the government in dealing with the question. Recalling the story, one is astonished at the long forbearance of the militants. It was 1908, after numerous imprisonments for offenses no more serious than the interruption of meetings, before there was a single act of real violence on the part of the women. Hundreds of women had been the victims of violence on the part of the police and of the mobs before Miss New and Mrs. Leigh were arrested for window-breaking, and it was another year before a window-breaking campaign was begun.

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The most serious phase of the movement—arson—was the consequence of what the women felt was an unpardonable betrayal of their cause, when the speaker of the House of Commons ruled that the amendment of the reform bill of 1913 to admit women would so transform its character as to necessitate its withdrawal, and the cabinet, with apparent relief in escaping from the difficulty they themselves had created, accepted the decision of the speaker and withdrew the bill. The increasing embarrassment of the Government in dealing with the crimes of women who gloried in imprisonment and who had no fear even of death is described chiefly through quotations from explanations given in the House of Commons; and the inadequacy of the law is shown by means of a table giving the offenses committed in 1914, the sentences passed, and the amount of time served by the prisoners. Between the beginning of 1914 and the outbreak of war, there were 141 suffragette outrages—107 cases of arson, with nine arrests and three convictions, 11 attacks on works of art, nine window-breaking outrages, and 14 other cases of damage.

The militant campaign caused an immense increase in the number of the "law-abiding suffragettes," due to the fact that many women had been roused by the more sensational methods of the militants, but could not subscribe to these methods. The volume contains several useful tables, and the bills and resolutions described in the text are given in full in appendices to the chapters. There is also a directory of British suffrage associations and an index. Seven cartoons from *Punch*, representing militant activities, are reproduced as illustrations.

The Sum of Feminine Achievement, by Dr. Dorland, is a small volume with an ambitious title and no index. In it Dr. Dorland attempts to combat the theory that women are inferior to men in genius, if not in ordinary intellectuality. He adopts the method of assembling 400 names of women noted in history for achievements in art, science, literature, poetry, or society. The list is somewhat chaotic in arrangement. There is no classification either chronologically or according to the work in which each woman was engaged. For example, Mary Stuart, Queen of Scots, is immediately followed by Adelaide Ann Proctor, English poetess and author of "The Lost Chord"; Mme. Tussaud, of London's famous Waxworks, comes next to Maria Mitchell, professor of astronomy at Vassar College, and to Queen Anne of England, the "last of the Stuarts." The list is by no means comprehensive. It seems as

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though the 400 names had been taken by chance. Amelia Bloomer is included, but Ernestine Rose and Frances Wright are not in the list; neither is Josephine Butler, the great English pioneer among women in the fight against legally regulated vice. Catherine Macaulay and Hannah More are mentioned; but not Dorothy Wordsworth and Lucy Aikin. The book contains a good deal of useful material, but in its present form it is undigested and therefore fails either to inform or to convince.

A. G. PORRITT.

HARTFORD, CONNECTICUT.

The Frontiers of Language and Nationality in Europe. By LEON DOMINIAN. New York, Henry Holt and Company, 1917.—xviii, 375 pp.

The twin principles of democracy and nationality were born of the French Revolution, and each has been attempting self-realization ever since. What political democracy means has been fairly clear in the minds of most thinkers; what nationality means has been quite vague. Today, however, it is generally conceded that the basis of nationality is language, for a common language implies the common cultural ideals upon which a strong political organization must be founded. The importance at any time of a familiarity with the frontiers of language to the student of political science is obvious; at the present time such familiarity is imperative. The problems most urgent and pressing to be settled at the peace conference at the end of the war have to do with the redistribution of political boundaries in order better to realize the principle of nationality. The English-speaking student has been under a great disadvantage in this respect, for in no single volume could he find a comprehensive survey of the subject combined with a sufficient amount of detail. This is the task that Mr. Dominian has attempted with a fair degree of success.

The problem of nationality in Europe divides itself into two parts: (1) the case of an entire people settled wholly within an alien state, as the Bohemians or the Irish, who would have been, certainly up to the commencement of the Great War, content with autonomy and the right of free and unhampered cultural development; (2) the case of a people divided among several states, like the South Slavs, who aspire to national unity. The latter may be a people with an independent national basis but with many "unredeemed," like the Rumanians and the Serbians, or it may be a people without independent

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national basis like the Poles. The most advanced believer in nationality as a basis of political organization would not advocate that political boundaries should coincide precisely with linguistic areas. Were that true, Danzig and Königsberg and the region between them which is wholly German would be entirely cut off from the rest of Germany by the Polish wedge which thrusts itself up to the Baltic just west of Danzig. Italy would lose some territory on its eastern frontier inhabited by Slovenes. France would yield territory in the neighborhood of Nice to Italy. Mr. Dominian, despite his belief in nationality as the basis of political organization, is very frank in pointing out the geographic, economic and strategic objections in specific instances. The book is to be commended for the spirit of impartiality which it discloses. The author seldom obtrudes his opinion upon the reader, but states the facts and allows the reader to draw his own conclusions.

The fact that the book was published for the American Geographical Society probably explains the excessive number of illustrations inserted. Many of them could easily be omitted for additional linguistic maps, although there are several excellent ones as it is. However, the map on page 183 giving the linguistic areas in the western Balkans is not wholly in accord with those of Petermann's *Mitteilungen* to which reference is made. While the bibliography is extensive, there are some remarkable omissions. To mention just a few in English on the Balkans, one is surprised at the omission of Brailsford's *Macedonia*, Edith Durham's *High Albania*, and *Turkey in Europe* by Odysseus. The book is not without errors, due apparently to negligence. On page 54 the statement is made that "about one-third of the total population, i. e. of Switzerland, speak French." On page 58 the statistical table gives it as 21.1 per cent. On page 215 the conquest of Serbia is stated as taking place in the winter of 1914-1915 instead of 1915-1916. On page 315 the statement is made: "The three southern peninsulas, Spain, Italy and Greece, are homelands of an equal number of nations. A single language is current in each." This is certainly not true of the Iberian peninsula. However, these defects do not seriously diminish the value of a volume which is a pioneer in a field that is now receiving the thoughtful consideration of students of political science. Moreover, its popular style should make it accessible to the intelligent layman.

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Politics. By HEINRICH VON TREITSCHKE. Translated by BLANCHE DUGDALE and TORBEN DE BILLE. With an Introduction by ARTHUR JAMES BALFOUR, and a Foreword by A. LAWRENCE LOWELL. New York, The Macmillan Company, 1916.—Two volumes, xliv, 406 pp.; vi, 643 pp.

The Political Thought of Heinrich von Treitschke. By H. W. C. DAVIS. New York, Charles Scribner's Sons, 1915.—viii, 295 pp.

Treitschke's History of Germany in the Nineteenth Century. Translated by EDEN and CEDER PAUL. With an Introduction by WILLIAM HARBUTT DAWSON. New York, McBride, Nast and Company, 1915.—xix, 708 pp.

The material for the study of Treitschke by those who do not read his works in the original is now at hand. Adequate translations of his *Politics* and *History of Germany in the Nineteenth Century* (of which three volumes have appeared) have now been added to the material which has been rapidly accumulating, and an equally adequate analysis and anthology of his political thought and utterances is at the disposal of those who wish to get the essentials without too much labor of research.

It is no longer necessary to elucidate or elaborate the message of Treitschke in book reviews. And the time is almost past when it will be necessary for the reviewer to treat each new volume as a text for critical disquisitions on the difference between German and non-German systems of thought and the sad moral catastrophe of a Treitschkean world in particular. Not but that it is a sad and tragic spectacle. We cannot ever be so naïve again as to accept it or its principles as sound political philosophy—which we once were in danger of doing. But the fact that the war opened our eyes to it relieves the reviewer now of the necessity of repeating well-accepted truisms.

As a matter of fact, were it not for his place in history, Treitschke would not be worth the critical thought spent in refuting him. His incredible countrymen who have failed to adjust themselves to any but medieval expedients for achieving the main elements of political life—accepting autocracy, feudal attachments and militarism as beneficient ingredients in a constitutional state—have made Treitschke a type, their type, so that even Social Democracy is not without some tinge of a different red than that of the "common brotherhood" which colors their banners. But Treitschke himself is not a great thinker,

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nor has he even the logical capacity to reduce his thought to its appropriate terms. His strength lay in the forcefulness of his utterance and the positive character of his thought. He did not think straight, nor see widely. But he gave to the institutions and Kultur of his own people (or rather of the Prussian people) the sanctions of history and of oracular prophecy. It is, therefore, useless to try to reduce to a logical system a thought which is not integral. Treitschke's power lies in the very defiance of logic. He is temperamental and suggestive, with a narrowness of vision which permits him to be charmingly intimate—if one likes that kind of intimacy. The opening sentence of the Introduction to his *Politics* begins: "Politics must be counted among the arts." Yet the first point he makes is that Aristotle is the starting point for its study, and that to Aristotle politics "meant simply the *science* of government."

The very next paragraph proceeds to demonstrate that the Greeks made politics out to be "applied history," which is neither a science nor an art. No dilemma is evident to the unsuspecting reader, however, for this rarefied thinking rests npon rarefied history. To Treitschke the Greeks are what he needs them to be. "The historic sense was innate in the Greeks"; therefore "they lived politically and their mere self-consciousness was science." If there is anything that is not true it is this. The Greeks were not historically minded, as anyone can see for himself from the judgment of Thucydides upon their annals —a somewhat juster judgment than Treitschke's. Then politics did not grapple with the matters which front the capitalized and therefore highly impersonal society of today. The way out for Treitschke was the one he chose—to deal not in generals but in particulars. He is a nominalist, and so informs us before we have gone another page. "Treat the state as a person," he says a little farther on—and forget that little digression about Aristotle—and he assumes the privilege of a high-class journalist to plunge without embarrassment into all the complexities of an analysis of personality.

This sense of the detail of the concrete and the emotional is the strength of Treitschke. He was not a great thinker. There is danger of our taking him too seriously in this regard, because he was able to impress his message upon his own people, and they were able to apply it with the force of Krupp guns and heavy battalions. But all the batteries on the western front cannot raise Treitschke to the rank of a great intellectual power. He was a publicist of most engaging skill; but he was too much of an historian to be a master of those vast abstractions which the imagination loves to rear for the reason to play with.

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This brings us to Treitschke the historian. Unfortunately here the non-Prussian world will never be in a position to judge of the real merits of the *History of Germany*—for the simple reason that the book will not be read except by the few who are studying it for some definite purpose. Not much of the history of the Germany of today is to be found in these pages, although the political story of the early nineteenth century is here in detail. For the Germany of today is, as Treitschke recognized in the opening words of his history, a creation of our own time. This being the case, the story Treitschke tells is a prelude to but one-half of the real theme of present interest. It was not alone Prussia which welded Germany together, by the power of her army and the genius of Bismarck. The invention of the Englishmen, Thomas and Gilchrist, which made possible the development of the Rhenish iron industries, is as fundamental; and the general student of German history can hardly be enticed even by the allurements of pictorial art and eloquence to spend much time in the consideration of relatively petty affairs of an age almost completely severed from the present.

The German reader has an added interest to hold him to the task. He is flattered at every turn by Treitschke's naïve insistence on the native virtues which he inherits and the great rôle for which Providence has prepared him, though just how adequately, even a Treitschkean apostle might doubt. But in the *History* as in the *Politics* one does not, or should not, hope to find much reliable, fairly presented information. Not that Treitschke did not work hard at his historical task, but that he could not see clearly and accurately the things which his research revealed.

All this is so well known that it is useless to repeat it. The one thing to say of these volumes is that they are accessible; that they are adequately done; that they are excellently gotten up and should be ready for reference for every student of politics and modern European history.

The preface by Mr. Balfour to the *Politics* is a masterly little essay to which one reverts gratefully from time to time. Mr. Davis' volume will, perhaps, be the most useful to the American reader in that it offers a careful guide to the life and work of Treitschke as a whole. It is an excellent manual, and sufficiently objective—with a great number of citations to serve some of the purposes of college work.

J. T. SHOTWELL.

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A Short History of England. By G. K. CHESTERTON. New York, John Lane Company, 1917.—284 pp.

Though fervent in his admiration for medieval guilds, Chesterton has never claimed and probably would not accept membership in a modern historical guild. In fact he expresses considerable contempt for modern historians, with their "historical perspectives" and notions of human progress. It would be ungenerous, as well as preposterously priggish, to judge his adventure in the rôle of historical interloper by the canons of the professional historian. His *Short History of England* is distinctly not the type of book that is likely to find its way into the sanctum of the historical seminar, and were an ironical fate to intrude it into that representative institution of German scholarship, nobody else would be as deeply mortified as its author, who views German Kultur from Hengist to Wilhelm II as a contrivance of barbarism and the negation of culture. To say that it exalts medievalism, deplores modernity, and lures the reader on from sparkling epigram to startling if at times strained paradox, is merely to report that Chesterton is still Chesterton. Nevertheless it is more than a literary *tour de force*. It is an attempt to justify from history a philosophical position and an emotional outlook. In this respect it does not differ from a host of other books. But Chesterton, despite the seeming assurance with which he lays down the law, is really more modest than many a writer who has supposed, and of whom others have supposed, that he was recording history when he was only riding a hobby. Chesterton at least makes no pretense to being a scientific historian, and there is no danger that he will be mistaken for one.

The first few chapters of his book form the prologue to the main theme, which is medieval and Catholic England. They appear to have been written principally to show that the culture of England in the Middle Ages was wholly Catholic and Roman, and owed nothing to those heathen Teutonic invaders generally designated as Anglo-Saxons. Chesterton admits that these barbarians had souls, as Pope Gregory evidently believed when he made his immortal pun, and he notices a propensity of the Angles to become monks. But in their native and unbaptized state he sees in them no more than Gildas saw, namely, wolves, dogs and whelps from the kennel of barbarism. In arriving at this judgment, however, Chesterton has not followed his own excellent precept; he has not read history backwards. Had he done so, he would have found that the language he writes so well and the last syllable of the name he bears lead back to the forest, "somewhere in Ger-

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many." "Under the colors of our wildest flowers are the colors of a Roman pavement" is a very pretty sentence, but one does not have to be a Teutonist, in the sense of holding that all the modern virtues were "made in Germany," to doubt its accuracy.

The last few chapters recite the dismal epilogue of a happy story. Their purpose is to show how England ceased to be "merry" when she ceased to be medieval and Catholic, and to suggest the reason therefor. Chesterton's plan for disposing of the last four centuries of English history reminds us of the historical method of Orosius, the archetype of Catholic orthodoxy applied to history. Orosius managed to paint a very dark picture indeed of the pre-Christian centuries by relating whatever he could find in the annals of the pagan past of crime, war, pestilence, famine, devastation, destruction and horror. Chesterton follows the same simple formula for the post-Catholic centuries of English history. The Reformation, according to our modern champion of Catholic orthodoxy, was simply a pretext for plutocratic pillage, which struck down those popular and "democratic" institutions of the Middle Ages, the monasteries and the guilds. International war became barbarized and dehumanized when it became "no longer a scrap between the followers of saints who were themselves at peace, but a war between the followers of gods who were themselves at war." The aristocracy grew more and more snobbish, and the Parliament more and more anti-popular. England started to decline before she began to be modern, and the Elizabethan age is a sunset rather than a sunrise. The Puritans eventually purified themselves even of religion and became the disciples of a materialistic social science. For Puritanism in its heroic age Chesterton confesses some respect, and for the modern labor union he can feel a real affection. But the old Puritans were essentially medieval, and the labor union, in his view at least, signifies "a return to the past by men ignorant of the past, like the subconscious action of some man who has lost his memory." Of course by following the Orosius-Chesterton method of telling all the bad that can be told of a period, an institution or a man, and of telling nothing else, you can paint as black as you choose what you profess to describe. It is the method that used to be followed by Protestants, until they became more historical and learned better, in describing some Catholic institutions with which they were little acquainted, notably monasticism.

The aversion which Chesterton has assumed to the modern, combined with his dislike of historical perspective, explains why he permits the stream of English history to narrow into an insignificant rivulet

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and almost to evaporate before it reaches the present. A few witty lamentations over aristocracy, capitalism, the coercion of Ireland, the poor law, top-hats, trousers and the spread of German influence, do not constitute a satisfying record of England in the nineteenth century, and it must be a very *short* history indeed that can find no space for that episode which we call the British Empire. Chesterton does indeed notice as a singular fact that the Englishman "awoke most to life when his island was sundered from the foundations of the world, when it hung like a planet and flew like a bird," but he forgets to tell us what the Englishman did under those interesting and extraordinary circumstances.

It is natural for one who especially fancies seeing himself in the rôle of apostle of medievalism and Catholicism to the rationalist barbarians of the present to concentrate upon the period when England was Catholic and medieval. The picture which Chesterton draws of "Merry England" is certainly attractive, and he does well to emphasize the vigorous localism of the Middle Ages. But his conclusions, we fear, rest upon a preconceived theory and have been reached by an historical method which is the reverse of that which he employs for modern times. Further research might convince him that his merry peasant rests upon a foundation not much more secure than that of Rousseau's happy savage.

In conclusion, two comments may be made upon Chesterton as representative of the neo-medieval *intelligentsia*. In the first place, in contending for the democratic character of medieval institutions he confuses democracy with the *carrière ouverte aux talents*. It is true that a peasant might become an abbot, or even a Pope, but to argue from that fact that the monastery or the Catholic Church was democratic is about as sound as to reason that modern capitalism is democratic because Carnegie was once a poor boy. In the second place Chesterton's justification of the spiritual institutions of the Middle Ages rests upon argument that a medieval would have wholly repudiated. The monastery no doubt performed many useful services to society, but it had only one purpose. It taught school, fed the poor, and entertained travelers, but it did not exist to do any of these things. Its purpose was the saving of souls. To rest the case for monasticism upon utilitarian grounds is to confess oneself a modern after all.

R. L. SCHUYLER.

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Political Ideals. By BERTRAND RUSSELL. New York, The Century Company, 1917.—172 pp.

Nationalism. By SIR RABINDRANATH TAGORE. New York, The Macmillan Company, 1917.—159 pp.

Now and then an author reveals the depth of his genius in the title he gives to his book. Indeed that marvelous spirit Thomas Hobbes was unable to live up to the name he selected for his immortal treatise on the State—Leviathan, before whom terror danceth; whose breath kindleth coals, and who maketh the deep to boil like a pot. But the English philosopher and the Indian poet stand before the monster unabashed. They would put a rope in his nose and make a servant of him forever. They summon us all to bind him lest he crush out the very life of mankind. They have both suffered directly or indirectly from his teeth and claws; but they are not cast down at the sight of him. Neither of them appears to know much of the pleasant things said of him in the older works on political science, the writers of which seem to us now to have been strangely blind to his atrocities. The modern National State is no holy thing to them. To them nothing could seem more criminal than the German doctrine that the State is of "infinitely more value than the sum of all the individuals within its jurisdiction." To them the individual is the only unmistakably precious thing and the State exists only to aid him to be as free and happy as possible.

Mr. Russell's volume contains five essays or addresses—I. "Political Ideals," II. "Capitalism and the Wage System," III. "Pitfalls of Socialism," IV. "Individual Liberty and Public Control," and V. "National Independence and Internationalism." There is little here that will seem new to one already familiar with his *Principles of Social Reconstruction*, which appeared in this country under the title *Why Men Fight* (see POLITICAL SCIENCE QUARTERLY, vol. xxxii, p. 321 *et seq.*). He maintains that modern governments are too negligent of individual welfare; too intent upon enterprises which cost the individual dear. He would strive by education to encourage all creative tendencies and discourage the dominant passion for piling up possessions. The individual should enjoy the maximum freedom compatible with the interests of others; the various industrial groups which spontaneously form themselves should be as democratic and independent as possible. The State should confine itself in the main to the adjustment of property rights and the prevention of private

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violence. Its chief constructive purpose should be the encouragement of creative energy. It should by a process of devolution leave as large a share as possible of power to the spontaneously formed and democratically governed subordinate groups.

These are the fundamental ideas that may be discovered in all of Mr. Russell's essays. It is clear enough that the notions of most governmental officials are very different from his. He believes that

> if a majority in every civilized country so desired, we could, within twenty years, abolish all abject poverty, quite half the illness in the world, the whole economic slavery which binds down nine-tenths of our population; we could fill the world with beauty and joy, and secure the reign of universal peace. It is only because men are apathetic that this is not achieved, only because imagination is sluggish, and what always has been is regarded as what always must be [p. 35].

But, one wearily asks, how is the uninstructed majority to gain the necessary vision when the small instructed minority still remain, with the fewest possible exceptions, in the gall of bitterness and the bond of iniquity? The technique of this spiritual revolution remains to be elaborated. But it is encouraging to observe that Mr. Russell, who has been bitterly denounced by the scribes and pharisees, has been heard gladly by thousands of simple mechanics and miners.

Sir Rabindranath exhausts the warmth of his poetic imagery in denunciation of the modern National State. He asks the people of the West if they can imagine

> the desolating despair of this haunted world of suffering man possessed by the ghastly abstraction of the organizing man? Can you put yourself into the position of the peoples who seem to have been damned to the eternal damnation of their own humanity, who not only must suffer continual curtailment of their manhood, but even raise their voices in pæans of praise for the benignity of a mechanical apparatus in its interminable parody of providence.

He makes it his business to picture the desolating despair of those in India who feel as he does. His first lecture, "Nationalism in the West," has put the case before thousands of listeners in the United States. His second lecture, "Nationalism in Japan," warns the Japanese of the hazard they face in their attempts to make themselves into a "nation" in the fatal western sense of the word. Then in a last lecture, "Nationalism in India," he shows that nationalism has for years been the plague of his own land of "no nation." He appreciates western civilization; he has only the friendliest feelings

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for individual Englishmen. He ascribes no deviltry to the English administration above that of other modern States. But the National State is a device by which

> a people which loves freedom perpetuates slavery in a large portion of the world with the comfortable feeling of pride of having done its duty; men who are naturally just can be cruelly unjust both in their act and their thought, accompanied by a feeling that they are helping the world in receiving its deserts; men who are honest can blindly go on robbing others of their human rights for self-aggrandizement, all the while abusing the deprived for not deserving better treatment.

Everyone who pretends to think somewhat carefully of the State sees that there are three, yea, four great problems, all of which are freshly and eloquently presented in these small volumes. How is the life of the individual to be enriched instead of marred by the activities of the National State? How are the moral standards of the State to be raised to the level of the ethical ideals which now prevail in private human intercourse? How are independent States to live on terms of friendliness and decency? How are nations to deal with "no nations"? Our old formulated political science appears as cold and dead as the scholastic philosophy. It seems to have little to do with the hot world in which we live and must continue to live. Bluntschli and von Mohl are almost as remote as Albert the Great and Alexander of Hales. The pacifist philosopher and the Indian poet may not offer us solutions of the four problems; but they at least furnish the point of departure. They shake the reader from his dogmatic slumber and bid him be up and doing.

J. H. Robinson.

The Federation of Canada, 1867–1917. By George M. Wrong, Sir John Willison, Z. A. Lash and R. A. Falconer. Toronto, Oxford University Press, 1917.—144 pp.

The Constitution of Canada in its History and Practical Working. By William Renwick Riddell. New Haven, Yale University Press, 1917.—xi, 170 pp.

Books on political science and on Canadian history prompted by the fiftieth anniversity of Confederation, which was celebrated in July 1917, were singularly few. There were only two or three written by Canadians under the stimulus of the anniversary of the most beneficent

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and outstanding event in the modern colonial history of Great Britain; and up to the end of 1917 not a single book on Canada and its anniversary written in England had been received by the POLITICAL SCIENCE QUARTERLY. Canada and Great Britain were too much engrossed in the war to admit of more than passing note of the end of the first half-century of Confederation.

Neither *The Federation of Canada—1867–1917*, a series of four lectures by Professor Wrong, Sir John Willison, Mr. Z. A. Lash, and Dr. Falconer, President of Toronto University, nor Mr. Justice W. R. Riddell's *The Constitution of Canada in its History and Practical Working* can be described as ambitious. Both books, however, are excellent as far as they go; and both will be of service in the years to come, when more attention must be devoted in American colleges and universities, and probably also in high schools, to Canadian history and to the developments in political science made in the Dominion.

To a reader to whom the history of Confederation is familiar, Dr. Falconer's lecture will make the strongest appeal of any of those in *The Federation of Canada*, because it is concerned with an aspect of Confederation that heretofore has had little sustained attention either from writers on the constitutional history of Canada or from authors of general histories of the Dominion. Dr. Falconer devoted his lecture to a study of the influence of Confederation on the old British North American provinces—Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, and British Columbia—to the creation of the provinces of Manitoba, Saskatchewan and Alberta, and to the stimulating influence which the political and economic developments of the prairie provinces have had on the provinces east of the Great Lakes, and especially on Ontario. The lecture stands out as the most original and suggestive contribution to the literature of the celebration, not overlooking in this statement the various articles on the anniversary that were published in the English magazines and reviews.

A word may be said of the other lectures. To Professor Wrong was assigned the "Creation of the Federal System in Canada"; to Sir John Willison, a veteran journalist, whose work at Toronto and Ottawa in the last two decades of the nineteenth century brought him into contact with the most distinguished of the Fathers of Confederation, was given the task of recalling the personalities and characteristics of these statesmen; while to Mr. Lash, who was deputy minister of justice at Ottawa from 1876 to 1882, was assigned a survey of the working of federal institutions in Canada. Each of these three contributions is informing, even to the best equipped student of Canadian history. In

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each, moreover, there is some distinctive contribution to the constitutional history of the Dominion.

Mr. Justice Riddell's book on the history and practical working of the constitution of Canada consists of four lectures delivered at Yale University in connection with the Dodge Foundation. The first lecture is devoted to a survey of the constitutional history of the British North American provinces from the conquest of Canada and the treaty of 1763 to Confederation, with particular attention to the working of the constitutions of 1791 and 1840–67, and the developments in constitutional practice and usage under the 1840–67 constitution of the United Provinces of Upper and Lower Canada. In the other three lectures on the written constitution—the British North America Act of 1867—on its working, and on the Dominion constitution as contrasted with the constitution of the United States, Mr. Justice Riddell goes over much the same ground as that covered by Professor Wrong and Mr. Lash in the anniversary lectures at Toronto University. There is, however, much more detail in the Riddell lectures, and, it may be added, much more freedom of expression, for there is no lack of outspokenness when, for instance, Mr. Justice Riddell is treating of Pitt's attempt to create an aristocracy in Canada, or is estimating the value of upper chambers in Canadian legislatures and in the parliament at Ottawa. Mr. Justice Riddell had opportunity for more detail than Professor Wrong and Mr. Lash; and, moreover, detail was more essential in lectures at Yale than at Toronto.

To students of Canadian constitutional history there is little that is new in the text of these lectures; but there is much that is both new and valuable in the notes, which cover 47 finely printed pages. While the lectures read well, and among lectures on constitutional history have a flavor peculiarly their own, it is the notes on cases, incidents and episodes arising in connection with the working of the constitutions of 1774, 1791, 1840 and 1867, that give the book its chief value. They give it, indeed, a unique and permanent place among books concerned with the political constitutions of English-speaking countries.

Students of constitutional history and of political science the world over are indebted to Toronto and Yale Universities; for in the stress of the great war there would seemingly have been no literary memorials of the celebration of the fiftieth anniversary of Confederation had these two universities allowed the occasion to pass unnoticed.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

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Canadian Historical Dates and Events, 1492–1915. By FRANCIS J. AUDET. Ottawa, George Beauregard, 1917—239 pp.

Dr. A. G. Doughty, of the Archives Department at Ottawa, in his introductory note to Mr. F. J. Audet's *Canadian Historical Dates and Events, 1492–1915*, does not say a word too much in its commendation. The word indispensable must be sparingly used, even in regard to works of reference, but it can be applied unhesitatingly to Mr. Audet's book, which will become indispensable to every student of Canadian history and of contemporary politics in the Dominion.

For Great Britain, and for the United States, there is no book with which it can be compared, except, for Great Britain, Beatson's *Chronological Register of Both Houses of the British Parliament from the Union of 1708 to 1807*, and Beatson's *Political Index* to the Histories of Great Britain and Ireland, which was published in 1806. Each of these books is in three volumes while Mr. Audet's handbook consists of but one volume. It differs from the two Beatson handbooks in that part of the information embodied in it may be described as unofficial or extra-official, while Beatson's *Register* and *Index* were compiled entirely from state records. There is no connection between church and state in Canada. The appointment of a bishop is not a matter which concerns any state department at Ottawa. The forty pages in Mr. Audet's book devoted to the hierarchies of the Roman Catholic and the Episcopalian churches in Canada—serviceable as they undoubtedly are in a book of reference of this character—must consequently be based on extra-official records. The larger part of the book is based on records in the state departments, including the Archives Department; and it is the sources from which Mr. Audet has with painstaking care drawn so much of his material that give to the book one of its chief values.

It would need a catalogue to set out all that the book includes as a register of political officeholders in Canada—Canada of the years before and of the half-century since Confederation. In addition there are tables giving the opening and closing dates of the sessions of Parliament and of the provincial legislatures; lists of treaties to which Canada is a party; and tables of dates of memorable events in the political and military history of Canada.

Canadian Historical Dates and Events is of the class of books that increase in size with frequency of issue, and in later issues there will no doubt be corrections of some mistakes that have crept into the first edition, and also an enlargement of the section headed "Leading

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Political Events." As it stands this section is inadequate. There is no mention of the Cawley and Galt tariffs of 1858 and 1859, and none of the movement in and out of parliament for the right of the Dominion to make its own commercial treaties. The adoption of free trade in Great Britain in 1846, and the sweeping amendments to the old navigation code in 1847—both reforms made by Parliament at Westminster which added much to the political and economic freedom enjoyed first by the old British North American Provinces and later by the Dominion—are ignored; and so are the several liberalizing amendments to the constitution of the United Provinces of 1840 which were made at Westminster between 1848 and 1860.

The conception of Mr. Audet's book is excellent. It is so good, and the book is so obviously serviceable, that it ought to be classed as a public utility, and with the church section omitted, to be published from time to time as a government handbook, much in the same way that the *Canada Year Book* is issued as a departmental publication.

EDWARD PORRITT.

HARTFORD, CONNECTICUT.

A Short History of Japan. By ERNEST WILSON CLEMENT. Chicago, University of Chicago Press, 1915.—x, 190 pp.

Japanese Government Documents, 1867-1889. Edited by W. W. MCLAREN. Tokyo, Asiatic Society of Japan, 1914.—ci, 681 pp.

A Political History of Japan during the Meiji Era, 1867-1912. By WALTER WALLACE MCLAREN. New York, Charles Scribner's Sons, 1916.—380 pp.

Mr. Clement has enlarged the list of his contributions to knowledge about the Island Empire by an historical sketch that ranges from the "divine ages" to the end of the Meiji era in 1912. Somewhat less than half the material deals with the period before the establishment of the Tokugawa shogunate in 1603. Most of this is of scant interest to the average reader, for whom the book is intended, and could have been shortened to advantage. About one-fourth of the text relates to the period since 1867. An appendix describes the physiography and political divisions of the country, and furnishes lists of emperors and empresses, shoguns, regents and year-periods.

Though a somewhat loose compilation from easily accessible works in English, the book is a readable introduction to the subject. At times, also, the author has given interpretations of his own to the

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"historical and other events," with a view to indicating their significance for the evolution of Japan. Some of them impress the reviewer as venturesome, if not misleading. To characterize the course of development from prehistoric ages to the year 794 as "imperialistic" and to apply the terms "cosmopolitanism" and "continentalism" to the periods 1899-1910 and 1910-1912, respectively, carry "interpretations" considerably beyond the point where they can readily be accepted.

The *Japanese Government Documents*, forming volume xlii, part i, of the *Transactions of the Asiatic Society of Japan*, constitute an extremely valuable collection of material for the political history of that country from 1867 to 1890. Drawn chiefly from official sources, and edited by Dr. McLaren while professor of political science at the Keio University in Tokyo, they bring together for the use of occidental students a great variety of data which hitherto have been locked away in the Japanese language or available only in the files of the *Japan Weekly Mail* and other periodical publications.

The collection is prefaced by an historical essay which affords a clear and instructive survey of the momentous events that made away with the old and set up the new régime. On the latter of these phases of Japanese politics attention is directly concentrated. The order in which the documents are presented is chronological, and the object is to show how the feudal system was replaced by the organization of central and local government and to indicate the extent to which popular representation therein was allowed to exercise power. As between the executive and legislative branches, the amount of space allotted is about equal. In addition to the material bearing upon the actual organization of legislative bodies, not a little is included so as to single out the efforts made to secure genuine popular representation and the restraints imposed by the government on tendencies of the sort. An appendix contains the "Law of the Constitution of the Courts of Justice" and the regulations for carrying it into effect, and a variety of miscellaneous documents, all relevant to the subject in hand and not available for insertion elsewhere. Numerous explanations and cross references in footnotes, also, facilitate the task of the reader.

As a means of insuring a wide use in western countries for so unique and serviceable a publication, arrangements should be made to have an edition of it printed in the United States or in England. Along with it a companion volume might well be issued, covering the period up to the outbreak of the present war, and marking the successive steps by which Japan won its recognition as a great power.

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The first half of Dr. McLaren's formal work on the political history of modern Japan is little more than an enlargement of his introductory essay in the *Japanese Government Documents*, and contains numerous references to the latter. The second part goes over much the same ground as Uyehara's *Political Development of Japan, 1867-1909*. It should be read in connection with that treatise, so as to secure a different angle of vision. In what this divergence of viewpoint chiefly consists is manifest from the object avowed by Dr. McLaren in his preface. After alluding in terms of more than implied criticism to the conduct of Japan since 1914, and with particular reference to China, he states that he has "endeavored to supply the information which is essential to the formation of accurate judgments as to the meaning of Japanese policy by reviewing her modern political history, describing her system of government, and explaining her national ambitions." Regarding the first of the three methods of exposition, it may be said that the author has supplied a readable and scholarly account of the process by which the country underwent transformation during the rule of the Meiji emperor. But when he makes use of the two succeeding methods he relies rather too much on journalistic sources of information gushing forth in partisan utterances favorable to his own viewpoint. By so doing he is apt to convince the reader that what has been offered is less a description or an explanation than a denunciation of the vices in Japanese public life and above all of the "intense chauvinism of the race, *especially of the ruling military caste.*"

Given Dr. McLaren's associations with a private educational institution maintaining a certain amount of rivalry with the government university, it is not surprising that he displays an attitude of dislike for the bureaucratic and oligarchic elements in official and unofficial station. His animus, indeed, is not entirely supported by the evidence he furnishes, and might be attenuated considerably if he had admitted to his pages testimony to the advantage of the elder statesmen and their adherents. The picture he draws, notably in the last chapter, of Japanese autocracy, venality and jingoism is neither pleasant nor reassuring. Yet it could hardly be expected that in the brief period of a scant half-century a political transition so tremendous in its consequences as the one which began substantially in 1867 could have been accomplished without serious defects. Men long accustomed to wield power would not easily relinquish it. The classes hitherto excluded from public affairs could not be brought into active participation in them without some risk that measures of

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corruption would be applied to both legislators and voters. Nor would the two social and political elements be likely, in the face of obviously pressing temptation, to refrain from following eagerly in the footsteps of "manifest destiny" laid down long since by the imperialistic nations of Europe in the "unoccupied" regions of the Far East.

WILLIAM R. SHEPHERD.

Due Process of Law and the Equal Protection of the Laws. By HANNIS TAYLOR. Chicago, Callaghan and Company, 1917.—xxxviii, 988 pp.

The author's description of the method which he has followed in preparing this "treatise" is that, after outlining the evolution of the concept of due process, "he has then applied the analytical method to the mass of decided cases upon the Fifth and Fourteenth Amendments in such a way as to extract from them the working rules required by the practising lawyer in dealing with the various divisions and subdivisions of the subject" (page xvii). His application of this analytical method calls to mind the opening paragraph of a review of another law book which seems to have been constructed in similar fashion. Writing in the *Harvard Law Review* (volume 30, page 300), Professor Chafee of the Harvard Law School says:

> If law is a science, law books ought to be written like treatises in other sciences—economics, politics, education—and not like the *magnum opus* of the clergyman in *The Way of all Flesh*: "After breakfast he retires to his study; he cuts little bits out of the Bible and gums them with exquisite neatness by the side of other little bits." We have a similar atomic theory of law books, except that the atom instead of being a Scriptural verse is the head-note. Headnotes arranged vertically make a digest. Headnotes arranged horizontally make a textbook. Textbooks arranged alphabetically make an encyclopedia. Every few years some investigator has to disintegrate one of these works into its constituent atoms, add some more headnotes from recent decisions, stir well, and give us the latest book on the subject. And so law libraries grow.

This in the main describes Dr. Taylor's book, except that in a number of chapters the atoms have not been well stirred. In three of the four chapters of part i on "Due Process as a Limitation on Federal Power" the cases are presented chronologically, and the section headings consist of the title of the case and the subject which it involves. This arrangement results for example in such a sequence as the following:

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§ 38. Yesler *v.* Harbor Line Commissioners—Locating harbor lines. § 39. Shoemaker *v.* U. S.—Right of eminent domain in the District of Columbia. § 40. Thorington *v.* Montgomery.—Fifth Amendment does not embrace questions of state procedure. § 41. Monongahela Nav. Co. *v.* U. S.—Eminent domain and full equivalent under Fifth Amendment. § 42. Fong Yue Ting *v.* U. S.—Right of the sovereign to deport foreigners already domiciled. § 43. Johnson *v.* Sayre.—Persons subject to military law. § 44. Brown *v.* Walker—Immunity for witnesses under act of 1893 applies to state as well as federal courts. § 45. Case of Wong Wing, sequel of the case of Fong Yue Ting. § 46. Talton *v.* Mayes—Fifth Amendment has no application to courts of Cherokee Nation.

The analytical method applied in dealing with the cases thus arranged consists chiefly in paraphrasing or quoting the language of the Supreme Court. This work is well done. The point of each case is tersely and accurately presented, and the reader is seldom subjected to the annoyance and confusion of being compelled to think of more than one case at a time and to engage in the tedious task of comparing them. He passes from one vignette to another with a minimum of intellectual effort.

Some may question whether this is the analytical method. But Dr. Taylor seems to have chosen his adjective with care and with fidelity to the dictionary. The *Century* give as its first two definitions of analytical: "1. Opposed to *synthetic, synthetical*. . . . 2. In the *Kantian logic*, explicatory; involving a mere analysis or explication of knowledge, and not any material addition to it." Such seem to be the limits which the author has set for himself. His modesty in thus characterizing his performance merits high commendation. His work must in fairness be judged by the standards which it sets for itself; it would be improper to criticize it unfavorably because it fails to perform a service which was alien to its author's purpose.

It is doubtless in the sense of "laborious" that the author uses the word "difficult" when, in referring to his application of "the analytical method to the mass of decided cases," he says: "That difficult task has been made easier by his effort heretofore made to define in a treatise the 'Jurisdiction and Procedure of the Supreme Court of the United States,' and by his long experience in the argument of cases at the bar" (page xvii). Only because of quantitative considerations can the task which the author has performed be regarded as a difficult one. Most, if not all, of the matter in each separate paragraph could have been written with ease by the average law student. And the threads of the different paragraphs are nowhere woven together. But

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since the paragraphs are five hundred and seventy eight in number, the work must necessarily have involved many hours of labor.

In parts ii and iii, which deal respectively with the due-process and equal-protection clauses of the Fourteenth Amendment, the arrangement of the cases is less severely chronological than in part i. Separate chapters are given to cases involving questions of taxation, eminent domain, the police power, freedom of contract, criminal and civil procedure, jurisdiction of courts etc. But within the several chapters, the order of treatment is haphazard; it is an amalgam of the chronological and the thematic, with the odds somewhat in favor of the former. The student who reads the work consecutively will find it repetitious, owing to the piling-up of quotations of general statements of the same tenor from many different judicial opinions. But such readers are not apt to be numerous, and those who turn to the book now and then for reference will not suffer from this frequent recurrence of familiar themes. Some might criticize much that is contained in part iii on the equal-protection clause, on the ground that it exemplifies this same tendency to say over again what has been said before. There are, however, advantages in giving separate treatment to questions of discrimination; and this necessarily involves discussing the same cases and quoting some of the same statements presented earlier in part ii, which deals with due process of law. Extenuation of the faults of arrangement may be accorded because of the excellent topical index, by the aid of which the reader, if he is persevering, may be guided to all the important decisions on the subject in which he is interested.

The author's self-restraint in so seldom obtruding criticism or discussion deprives a reviewer of one of his chief perquisites. The preface and introduction, it is true, review the English backgrounds of due process, and severely criticize the Supreme Court for dispensing with trial by jury in Murray's Lessee *v.* Hoboken Land and Improvement Co. and cases following it. Some of the same points are made again in sections 100, 129 and 130. But these excursions into history and criticism add nothing material to what Dr. Taylor had previously given us in his *Origin and Growth of the English Constitution* and his *Origin and Growth of the American Constitution*. Devotees of these earlier works will miss in the present volume any contention that Pelatiah Webster was the architect of the United States Constitution (see 27 POLITICAL SCIENCE QUARTERLY 688–693) or any reference to the Teutonic origin of all that is best in our American institutions (see 5 POLITICAL SCIENCE QUARTERLY 188–190). There is, however, no

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direct recantation of either of these enthusiasms for which Dr. Taylor has been known among scholars.

In view of the possibility that the work may pass to a second edition, one criticism may be made which the author may find of service. A somewhat fictitious simplicity is given to the law of the Constitution by Dr. Taylor's failure, except in rare instances, to present abstracts of dissenting opinions or even to indicate that there was dissent. The only important exceptions are in connection with Wilson *v.* New (sec. 99a), Frank *v.* Magnum (sec. 316), Twining *v.* New Jersey and the Slaughter House Cases (sec. 304). To students of the evolution of our constitutional law and to inquirers into the process of judicial decision, the dissenting opinions are of great importance. They are of equal importance to advocates who have to deal with constitutional questions which contain some element of novelty. Dissenting judges often persist in their opinions, in disregard of the doctrine of *stare decisis*. Their dissent is not infrequently the basis of majority opinions in later cases which have some elements which one or more judges find sufficient to differentiate them from the earlier cases. And the persistence of dissent has an added significance because of the changes in the personnel of our high tribunal. It can sometimes be foretold with reasonable certainty that the new members of the court will reflect views which in some previous cases have been those of the minority rather than of the majority.

With the exception of the point just noted, Dr. Taylor has done well the task which he set out to do. His book will be of special service to students and lawyers who have not at hand the digests and reports of the cases decided by the Supreme Court. It is better arranged and more condensed than are the reports; and with the aid of its excellent index it will be found nearly as serviceable as are the digests. As a handy book of reference it should find a welcome on the shelves of every student of constitutional law.

THOMAS REED POWELL.

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BOOK NOTES

To speak of a writer as "never allowing himself to be biased," as is done in the translator's preface to *The World at War* (New York, The Macmillan Company, 1917; 272 pp.) by Georg Brandes, is to make a very broad claim. Nevertheless, it cannot be denied that the author's utterances are characterized by a lofty spirit of candor as well as of sincerity, and that he analyzes causes and effects with a vivid realization of their true nature and relations. The present volume is composed of a collection of his essays on the pending war and the events leading up to it, written before and during the great struggle. He is not disposed to find an assurance of future peace in political leagues and kindred devices. Nor does he think that war will be abolished by statistics showing its absurdity. Humanity in the mass is, he affirms, "trained to obey when commanded, and is led by passion and imagination"; it is "bestial at bottom, although easily roused to enthusiasm; it is often heroic in self-abnegation and devotion, but, whether bestial or sublime, quite unamenable to reason" (page 34). The only way therefore of preventing conflict is to avoid the occasion for it; and he believes that this can be done only by free trade, on which he declares Europe's peace in the future to depend. He consequently condemns the principle of economic alliances. His discussion of the antecedents of the present war is keen and searching.

Perhaps a certain support of Brandes' thesis that humanity in the mass is "quite unamenable to reason" may be found in the propensity outside each country to accept as the true test of its shortcomings the criticisms of its writers who enjoy little influence at home by reason of their general opposition to existing institutions. An examination, however, of Karl Liebknecht's *Militarism* (New York, B. W. Huebsch, 1917; xviii, 178 pp.) may serve to convince even those who are not strong reasoners that he uses the word in a wider sense than that in which it is popularly understood, and that his doctrines would not be universally accepted even outside of Germany at the present time. For he finds militarism not only in large standing armies, but also in the various agencies of force by which "capitalism" protects itself against the "proletariat." Thus, in the United States, which is classed with the capitalist countries wherein are found "gun-men of the employers," he states (page 43) that the capitalists "have at all times at their disposal such a band of gun-men of prime quality in the

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shape of the armed Pinkerton detectives," in addition to the standing army and the militia and the men in the navy. Even in Switzerland, he finds (page 45) that the movement was begun, as early as 1899, "to transform successively the active portions of the army into a willing instrument of class domination," with the result that "the celebrated Swiss militia developed more and more the repellent traits which have made all standing armies a disgrace to civilization." To do away with "militarism," or to weaken it as much as possible, he therefore conceives to be "a question of vital importance in waging the struggle for political emancipation" and bringing in the "proletarian revolution" (page 177).

Mr. H. Dunlop, in *The Supreme Will, or the Danger of a Premature Peace* (The Hague, Martinus Nijhoff, 1916; 191 pp.), approaches his subject from various angles—philosophical, pietistic, military, nationalistic, destructive and constructive. Although he would have Germany militarily defeated, he warns (page 21) that "all fighting races disappear," and that "only the non-fighters, Chinese, Indians, Persians, Jews, remain." He wishes the present conflict to be carried to the point of bringing in a United States of Europe. His ideas concerning such union are not unlike those of the Abbé de St. Pierre. He would have an international army, much larger than the advocates of an "international police force" usually contemplate. This army would be controlled by an international parliament, and a majority of the proportional section maintained in each country would be composed of troops from other countries. In the reconstitution of Europe at the end of the present war he would have the principle of "nationality" figure prominently.

It may be unfortunate that Mr. Dunlop in writing his book did not have the benefit of Mr. Israel Zangwill's *The Principle of Nationalities* (New York, The Macmillan Company, 1917; 116 pp.), since it might have served to eliminate some of the difficulties which would be encountered in reconstituting empires and re-drawing boundary lines on the nationalistic principle, as generally conceived. Nationality, according to Mr. Zangwill, "is a state of mind corresponding to a political fact," and is of four varieties—simple, complex, compound and hybrid. It springs from "the law of contiguous co-operation," and is not stable, the simple tending to change into the complex, and the complex or compound into the simple. The United States belongs to the complex or "melting pot" variety; and the author ventures to think that, although both "tyranny and tolerance may provide the heat of solution, love is a swifter factor than force, since political sup-

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pression, endangering as it does the nationality, recharges its battery, and retards the very process it would precipitate" (page 67). He would not run amuck. Maintaining that the real need of nationalities is "not independence," but "freedom from oppression," he declares that "we should not lightly in a world so distracted break up historic unities," such as that of Bohemia and Austria. He would provide "local autonomy for Ulster, but as a part not of England but of a Federal Ireland into which it would ultimately unify." Even *Mitteleuropa*, "could it be purged of its military menace," he would "welcome" as "a further step in the federation of Europe" (pages 107-109).

In *The Issue* (New York; Houghton Mifflin Company, 1917; vii, 159 pp.), by J. W. Headlam, an examination is made of some of the suggestions as to terms of peace which have from time to time appeared in Germany, with a view to refute the supposition that "it is England, and England alone, which, by the immoderate nature of her demands," stands in the way of peace. Apart from an introduction and two brief appendices, the volume contains five chapters consisting of substantial reprints of articles which had previously appeared in British periodicals, the *Nineteenth Century and After* and the *Westminster Gazette*.

M. Auguste Schvan, a former Swedish diplomat, who, after pursuing certain military studies in Austria and Germany, settled in England, has undertaken to outline *Les bases d'une paix durable* (Paris, Félix Alcan, 1917; 245 pp.). Believing that the development of means of communication has wholly transformed international relations, he thinks that the old international law, based on state sovereignty, must be abolished. He also holds state socialism to be equally menacing to peace. He would have a "world law," enforced by an international fleet; a great world court; a universal diplomatic service; free trade; and equality of nationalities.

Among the propagandist publications daily issuing from the press, a certain distinction of form as well as of names belongs to *The War of Democracy* (New York, Doubleday, Page and Company, 1917; xxiv, 441 pp.), made up of papers or statements by Lord Bryce, Mr. Balfour, Lord Grey, Mr. Asquith, Lloyd George, G. M. Trevelyan, Professor Gilbert Murray, and others. An "interview" with Lord Haldane is included. The topics discussed embrace the attitude of Great Britain, the case of Belgium, the "freedom of the seas," and various other questions which have formed the staples of polemical writings relating to the war during the past three-and-a-half years.

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Two reflections are evoked by F. W. Hirst's *The Political Economy of War* (New York, E. P. Dutton and Company, 1915; xii, 327 pp.). The first is that, although the book appeared after the war had been in progress for almost a year, and although the author discusses many interesting problems, the rapid and almost kaleidoscopic changes that have occurred have brought to the front problems, both economic and financial, which are not touched upon at all in the book. A real political economy of war, such as Mr. Hirst essayed to write, would today be a very different kind of book. The second reflection is that the book makes us realize why its author was compelled to resign the editorship of the *Economist*. Mr. Hirst is not only an uncompromising free trader of the old school, but also a very conservative financier whose views as to England's economic and financial future are far from optimistic. The book will, however, be of considerable value to the student because of the careful study of the fiscal and economic history of the wars of the eighteenth and nineteenth centuries and more especially because of the detailed treatment of the history of the British war debt. The volume is written with all the skill of presentation and grace of style which we have become accustomed to associate with its distinguished author, and which have been displayed in his previous works.

The social section of the *École des Hautes Études Sociale* undertook in 1915–1916 the examination of certain questions related to the pending war. As a result it now publishes two volumes, one of which, under the title of *La Réparation des Dommages de Guerre* (Paris, Félix Alcan, 1917; iv, 254 pp.), contains discussions of particular questions by eminent authorities such as MM. Berthélemy, Joseph-Barthélemy, Louis Holland, André Weiss, F. Larnaude, and Jacques Hermant. The questions discussed embrace those of state responsibility for damages caused by the performance of public service, the rules of international law regarding war damage, the conciliation of general interests and private interests, indemnities and pensions, and the restoration of places that have been destroyed. The general subject of the second volume is *La Réorganisation de la France* (Paris, Félix Alcan, 1917; 275 pp.). The participants in the discussions are MM. Ch. Seignobos, Ch. Chaumet, R. Legouez, Marcel Vacher, Adolphe Dervaux and Ch. Gide, and the topics treated include foreign as well as domestic policy, economic development, industrial organization, agriculture, the reconstitution of the French population, and also "the beautiful, the true, and the useful" in the great work of reorganization and rehabilitation.

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In *L'Europe avant la Guerre* (Paris, Librairie Armand Colin, 1917; 303 pp.), by M. Auguste Gauvain, we have yet another discussion of the incidents that preceded the outbreak of the war in Europe in 1914. Finding that the Austrians and Germans seek by retrospective justifications to throw the responsibility for the conflict on their adversaries, he undertakes to counteract their efforts by a fresh review of the events that preceded it, taking up in turn the antecedent situations in Turkey and the Balkans, and in Africa, and the critical events from Agadir down to the declaration of war by Austria against Servia. He presents his facts and arguments with skill and force.

The report of the *Trial of Sir Roger Casement* (Edinburgh, William Hodge and Company, 1917; xxxix, 304 pp.), edited by Mr. George H. Knott, of the Middle Temple, and published in the Notable English Trial Series, is not an official or government report. But it comes near to being official; for the 287 pages covering the trial at bar, and the arguments of counsel for Casement before the court of criminal appeal, are taken from the transcript of the notes of the government shorthand writers. Moreover, The Earl of Reading, Lord Chief Justice, and Mr. Justice Avory, Mr. Justice Horridge and Mr. Justice Darling, president of the court of appeal, and Sir Frederick Smith, the attorney-general, have all read the reports of their speeches that are embodied in this report of the trial. Mr. Knott's introduction, which extends to thirty pages, is an excellent piece of work; and is of peculiar value to laymen because of the clearness with which it explains the procedure of a trial for treason committed beyond the realm, and differentiates it from any other trial that comes before the criminal courts. There is little in the introduction about Casement's career before he betook himself to Germany that has not already been published in the newspapers. "Material of a personal nature relating to Casement which is available at present to a would-be biographer," Mr. Knott writes in the preface, "is very scanty. Perhaps no one so notorious was ever so little known in his private character." One of the remarkable features of the trial—a feature that is noticeable when the complete report is in book form—was the singularly matter-of-fact speech of the attorney-general in opening the case for the Crown. It was free from emotion and devoid of rhetoric. "Rhetoric," said the attorney-general, "would be misplaced; for the proved facts are more eloquent than words. The prisoner, blinded by a hatred of this country, as malignant in quality as it was sudden in origin, has played a desperate hazard. He has played it, and he has lost it. Today the forfeit is claimed."

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The Parliamentary History of Conscription in Great Britain (London, George Allen and Unwin, Limited, 1917; xvi, 367 pp.) embodies something more than a summary of the debates on the bills that became law on January 27 and May 25, 1916; for the preface is practically a manifesto from the forty-odd members of the House of Commons who voted against the bills, written in their behalf by Mr. Richard C. Lambert, Liberal member for the Cricklade division of Wiltshire. These members are men of widely divergent views as regards general politics; some are advanced socialists, others extreme individualists; some hold that the war might have been avoided, others regarded the war as inevitable; and more than one of the men opposed to the bills went into military service as volunteers. "All of them," Mr. Lambert states, "were actuated by the feeling that a great principle was at stake," and for this reason were against conscription. "It is no light thing," continues Mr. Lambert, "for a man to sever himself from party ties and to vote against those leaders whom he has trusted in the past. Yet, one and all, they felt that where a question of principle was involved, party loyalty, and that transient thing we call popular opinion, could have no claim to intervene." The attitude of the group toward conscription had not been changed by the developments in the war up to June 17, 1917; and Mr. Lambert is confident that Liberalism, the negation of militarism, will revive with renewed strength now that the world has seen what militarism really means. "Fortified with that reflection," reads the final paragraph of the manifesto, "the little group is prepared to wait." The summary of the debates, made from the official reports of the proceedings of Parliament, includes everything of permanent value that was said on the question of conscription from the late Earl Kitchener's pronouncement in the House of Lords on August 25, 1914, to the third-reading stage of the second conscription bill in the House of Commons on May 16, 1916. The conscription acts are reprinted as appendices.

Even men and women who have no sympathy with the conscientious objector will find Mr. J. Scott Duckers' *Handed Over* (London, C. W. Daniel, Limited, 1917; 151 pp.) both interesting and informing. Mr. Duckers, who is a lawyer, declined to take his case before one of the military tribunals which came into existence under the conscription act of 1916. He could not regard these tribunals as proper courts for investigating matters of conscience; and as he refused to respond to a summons to join the army, he was arrested as a defaulter, and handed over to the military authorities. He was sent to the depot of the Rifle Brigade at Winchester. There he refused to obey orders;

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and after trial by court-martial he was sentenced to ninety-eight days detention, part of which was spent in a military prison at Gosport, and part in a wing of the prison at Wandsworth, London, which during the war is being used as a detention barracks. At the end of his first term Mr. Duckers was sent to the camp of the Rifle Brigade, at Minster, near Rochester. Here again he refused to obey orders; and the upshot was that at the time *Handed Over* was published, Mr. Duckers was serving a term of two years in the prison at Maidstone. Mr. Duckers tells his story with much detail, and also with much clearness. It is interesting as the well-told story of a conscientious objector's experiences at the police court, at three courts-martial, and in three prisons. It is informing as showing what an enormous amount of extra work in thrown on the police, on police magistrates, on military and prison officials, on the railways, and on the representatives of the army in the House of Commons and the House of Lords, by men whose consciences will not permit them to take either military or industrial service in connection with the war.

A resurvey of the relations between France and England from the sixteenth century down to the present day is essayed by M. J.-L. de Lanessan, sometime minister of marine and formerly governor general of Indo-China, in a volume entitled *Histoire de l'Entente cordiale franco-anglaise* (Paris, Félix Alcan, 1916; xii, 310 pp.). Naturally, the most interesting part at the present moment is that (chapter vi) which covers the relations between the two countries from 1890 to 1915, beginning with an account of what the author calls the conflict provoked by the Egyptian question. This account he opens by quoting (page 192) Mr. Chamberlain's famous declaration of March 1, 1893, to the effect that, because the world was not elastic, Great Britain must pursue an aggressive colonial policy, remembering that it was a part of her duty and of her heritage to see to it that the world received her impress and not that of another people. A policy inspired by such conceptions was, so the author affirms, essentially hostile to every nation capable of maritime and commercial rivalry; and he therefore regards Chamberlain and his party as having been hostile to France, as "was very manifest during the imperialist ministries of Salisbury and Rosebery." The conflict culminated at Fashoda, where France, at length regarding her naval inferiority as irremediable, and obeying the sentiment that had prompted the alliance with Russia, decided to submit to the peremptory demands made upon her from across the Channel. Then come the steps leading to the "entente cordiale," with Anglo-French co-operation in colonial ex-

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pansion, the development of which in Morocco and elsewhere signalized the reign of Edward VII. The author remarks (page 185) that the Franco-Russian alliance "resulted in an increase of the militarism already much developed in Germany," and that France, in abandoning her "isolation," was obliged to develop her forces correspondingly. The formation of the Triple Entente and the Anglo-Japanese alliance marked a further development of policy. The author states that the *rapprochement* of France, Russia, England and Japan, caused the German Emperor "very lively irritation," and led him to try countervailing measures, even to the extent of making advances to England and to France, which proved to be futile.

M. Bernard Lavergne, in *L'Union commerciale des Alliés aprés la Guerre* (Paris, Félix Alcan, 1917; 77 pp.), discusses the proposal permanently to establish preferential tariffs among the Allies against Austro-German goods, combined with the preservation of a more or less monopolistic control by the former over raw materials, such as iron, nickel and aluminium, thus handicapping the metallurgical industry of the enemy countries and safeguarding against "German dumping," according to the plan of the Economic Conference of the Allies at Paris, of June 14-16, 1916. While he regards this as a measure of defense against a possible Austro-Hungarian and German customs union, he also thinks that it accords with the economic interest, political necessities and national honor of the Allied Powers, and hails it as one of the best fruits of the great struggle and a pledge of future progress.

Written from a point of view perhaps less practical is *La Monarchie et la Politique nationale* (Paris, Félix Alcan; ii, 100 pp.), by Albert Mathiez, who seeks to combat the assumption sometimes made that the national interest in France was closely identified with that of the monarch, and that the country's later ills have been due to the invasion of eighteenth-century democratic philosophy. He maintains that the greatness and strength of France have been nourished by faith in democracy, and that republicans should find in this fact a fresh incentive to labor with confidence for the welfare and happiness of the country.

Pressure on space due to the many developments in Canada—Dominion and provincial—arising out of the war, compelled the omission from the 1916 issue of J. Castell Hopkins' *Canadian Annual Review of Public Affairs* (Toronto, Annual Review Publishing Company, 1917; 929 pp.) of the usual descriptive notes on new books on Canada issued during the year. The omission is unfortunate; for Canada has

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no literary journal from which it is possible to keep in touch with new books concerning the Dominion. Apart from this omission, all the permanent departments of the *Review*, and the new departments which were established in the first year of the war, are well maintained. The 200-page department on Canada and the War is singularly complete; and full and careful attention has been given to two questions which are not likely to disappear from Canadian politics at the end of the war. These are prohibition, and bi-lingualism in the schools of Ontario and Quebec. It is unlikely that the seven or eight provinces that have adopted prohibition as a war measure will discard it after the war. More probably prohibition will then become an issue in Dominion politics; for most of the provincial laws were emergency measures, and at the end of the war there will be a demand for one measure enacted by Parliament at Ottawa, covering all the provinces, and uniform in details and administration. Bi-lingualism as it presented itself in Manitoba and Ontario in 1916 is only one aspect of the nationalism of Quebec—a nationalism that for at least fifty years has been endeavoring to establish itself in all the provinces west of the Ottawa River. The issues raised by Quebec during 1917 and, in fact, from the time the war began in 1914, will certainly not disappear from Dominion politics in the era of reconstruction. The detail with which Mr. Castell Hopkins has followed the developments in the bi-lingual controversy in 1916 adds much to the permanent usefulness of this issue of the *Review*. It will be consulted frequently in the years after the war when the eight provinces of the Dominion will be pressing for settlement the questions which French Canada deemed it good politics to raise when the British Empire was struggling desperately for its very existence.

El Régimen Municipal de la Ciudad Moderna y Bosquejo del Régimen Local en España, Francia, Inglaterra, Estados Alemanes y Estados Unidos (Madrid, Librería de Victoriano Suárez, 1916; 348 pp.) by the eminent Spanish publicist, Adolfo Posada, is a manual of comparative municipal law, based mainly on the views and statements of the leading writers on the subject in the countries under consideration. Most of the book is devoted to an account of the evolution and characteristics of modern municipal administration, and the remainder to a sketch of local institutions. Clear in exposition, judicious in the choice of materials and profuse in example and citation, the text will be very serviceable to the Spanish readers for whom it is intended. Under the present circumstances, at least, to designate Germany as "German States," as if on the order of the United States, is a curious proceeding.

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A revised edition of the standard treatise by Hosea Ballou Morse on *The Trade and Administration of China* (London, Longmans, Green & Company, 1913; xiii, 466 pp.) records the more important changes that occurred in the economic and political institutions of that distractedly calm land between 1907 and 1912. The expected "revolution" came; the alterations it wrought, though apparent on the surface of things, affected the substance but little. An understanding of China of the past therefore, is still quite as important for an apprehension of China of the future as it ever was. Mr. Morse has made this clear enough, even if the arrangement of his material, with its alternation of commercial and administrative topics, tends to discourage a bit the reader who wishes to pursue his study of one or the other in consecutive fashion. As a work of reference, nevertheless, its general utility, like China itself, "remains unchanged."

A scholarly contribution to the literature on a highly controversial topic is the monograph of Dr. Sudhindra Bose on *Some Aspects of British Rule in India* (Iowa City, State University of Iowa, 1916; 149 pp.). Though appreciative of the "many solid advantages" of English administration, he differs strongly from the accepted occidental point of view that "all is well," and produces much convincing evidence to uphold his contentions. After outlining the conditions in the country prior and subsequent to the advent of the English up to 1858, he discusses at length the political development, the judicial system, commerce and industry, the causes of famine, the place of India in the British Empire, and the nationalist movement. In relatively small compass it would be hard to find stated, "from the angle of the ruled," a more temperate and reasonable explanation of the forces and factors that are impelling the intelligent classes of the peninsula into the currents of modern thought and progress. The vision of the British world-realm as a union of self-governing commonwealths must not be made applicable to lands tenanted by descendants of Europeans alone.

The essays and articles contained in *Indian Industrial and Economic Problems* (Madras, G. A. Natesan and Company, 1916; iii, 286 pp.) by V. G. Kale, may have little claim to orderliness of arrangement or to exhaustiveness in treatment, but they certainly shed much light on several features of India's economic status in the British Empire. They deal with the labor situation, commercial policy, financial questions and "swadeshi," or the home-manufactures movement. The author has decided opinions on such matters as schemes of imperial preference and the native boycott of British goods, both of which he condemns as undesirable.

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Except for certain defects of a chronological order, the collection of *Speeches of Gopal Krishna Gokhale* (Madras, G. A. Natesan and Company, 1916; viii, 1236, xvii pp.) is more satisfactory for purposes of reference than the one preceding. The addresses of the statesman whose death a few years ago was a great loss to the cause of the more reasonable type of nationalism in India cover the years 1893–1912. As might be presumed from his manifold activities as a journalist, educator and legislator, Mr. Gokhale's utterances range over a wide field. In them are mirrored the views of a man of unusual clarity of vision, whose opinions are thoroughly representative of those held by the moderate element among the nationalists. At the close of the volume are to be found his evidence given before certain public commissions, a paper read before the Universal Races Congress in 1911, and the constitution of the "Servants of India Society," an organization established by Mr. Gokhale in 1905, "to train national missionaries for the service of India and to promote, by all constitutional means, the true interests of the Indian people."

In *Anglo-Indian Studies* (New York, Longmans, Green and Company, 1913; xxxv, 525 pp.) S. M. Mitra has furnished a sort of companion volume to his *Indian Problems*, published five years before. The title, however, is misleading, if, as the author says, the expression "Anglo-Indian . . . refers throughout to *Englishmen*" (page xiii); for in point of fact the subject-matter deals with the Indians themselves and with the relations between them and Englishmen. Aware of the general indifference of the British public to its great Asiatic possession, and of the disinclination of British readers to "go through a whole volume on serious subjects," Mr. Mitra has written sixteen more or less detached essays on ethics, politics, legislation, commerce, industry, journalism, drama, religion, psychology, medicine, biography and mind-training. The particular object at which he aims is the study of Indian psychology with reference to British administrative measures, to the end that political ideas and practices born of European experience may not be planted in too radical a fashion among peoples not prepared to receive them. The author, accordingly, is not a nationalist. In his opinion, it is not aspirations for independence or for "self-government within the British Empire," so much as the "arrogance of some Anglo-Indians (Britishers) that is at the root of all the trouble in India" (page 381). As representative of the more conservative type of mind, his interpretations of the several phases of life and thought depicted are valuable for the comparison they offer with the views of the nationalists, both radical and moderate.

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The short treatise on *Agricultural Industries in India* (Madras, G. A. Natesan and Company, 1916; viii, 91 pp.) by Seedick R. Sayani, supplies a useful sketch of the work of the "ryot" or Indian farmer, with some reference to the co-operative societies that have been established to aid him. Too often has that humble individual been blamed for not adopting "modern methods," when local circumstances and actual poverty, rather than wilful persistence on his part in the old way of doing things, have been really responsible for the backwardness of Indian agriculture.

In the *Speeches and Writings of Dadabhai Naoroji* (Madras, G. A. Natesan and Company, 1916; viii, 656, xii, 208 pp.) the contributions of the eminent Parsi legislator and publicist to the history of British administration in India and to the progress of the nationalist movement there, between 1866 and 1906, have been made available in collected form. Here are included his utterances before the Indian National Congress, of which he was a founder, and before the House of Commons, while a member of that body, a variety of other addresses, and a series of statements of his views on the relations of Great Britain and India, as well as on international problems. An appendix, separately paged, contains his testimony before several commissions of inquiry on administration and finance, together with comments on phases of British policy. Useful as the compilation is, it suffers from a poor arrangement of the material which makes it awkward and difficult to handle.

Despite the fact that the financial policy of Great Britain in India has been far from irreproachable, it seems hardly to deserve so sweeping a condemnation as it receives in *Indian Finance, Currency and Banking* (Madras, The Commercial Press, 1915; iv, 176, lxxvii pp.), by S. V. Doraiswami. The circumstances, however, are and have been such as to justify much of the criticism with which the book is filled. Had the materials been better asssembled, the points made would have been more effective. Singling out the currency system as the main object of his onslaught, Mr. Doraiswami discusses at length the evils wrought by the circulation of the rupee at a legal-tender value nearly twice its worth in bullion. To offset these evils he calls for the opening of Indian mints to the free coinage of gold. That the British sovereign is legal tender, and normally obtainable in sufficient quantity, is a factor which he disregards. In the opinion of the author, also, the establishment of an Indian state bank would serve to counteract the injurious consequences of banking operations centering wholly in London.

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If all propaganda books could be of as high an order as *Japan in World Politics* (New York, The Macmillan Company, 1917; 300 pp.), the little work in which Mr. K. K. Kawakami seeks to make Americans understand the ideas and purposes of his countrymen, such books would play a larger part in shaping public opinion than is the case at present. Mr. Kawakami frankly faces the three issues that in his judgment might conceivably occasion a war between Japan and the United States—the Japanese immigration question, anti-Japanese agitation or legislation on the Pacific coast, and the Chinese problem. His plea is for a non-discriminatory settlement of the first two issues, in order that Japanese friendship for the United States may be maintained by a demonstration of American fairness, and for an understanding of the Japanese position in China, in order that Japan and America may work together in the development of friendly and profitable business relations with that great state. Mr. Kawakami traces historically the growth of Japanese influence on the Asiatic continent, taking up in turn the story of Korea, the Russian War, Manchuria, and China proper. He clearly explains the Japanese point of view in all these affairs, and presents such matters as Korean annexation, the alleged Japanese commercial discriminations in Manchuria, and even the celebrated demands of 1915 on China, in a light decidedly different from that in which they have been displayed by most of our newspaper commentators. He frankly admits that there have been many mistakes made by the Japanese, but vigorously denies the aggressive and imperialistic purposes so constantly alleged against their government. While his views will naturally be taken with some allowance, both his ideas and his statement of facts will be found worthy the consideration of everyone who wishes to understand the puzzling political situation in the Far East.

Amid a flood of ill-informed and ill-balanced writing on the Japanese question, it is a satisfaction to read the sane and scholarly little book of President James A. B. Scherer of the Throop Institute of Technology on *The Japanese Crisis* (New York, F. A. Stokes Company, 1916; 148 pp.). To much current criticism of the Japanese, President Scherer turns a deaf ear. He is not alarmed at alleged Japanese militancy; he does not believe the Japanese to be spiritually unassimilable, though he regards mixed marriages under present conditions as highly undesirable, and urges that they should be prohibited by both governments. He does hold, however, that Americans cannot compete with Japanese on the land. He therefore believes that California is acting rightly in trying to prevent Japanese land ownership. This

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should be accomplished, however, not by the present discriminatory legislation, but by the prohibition of all alien ownership. He puts his finger on the sore point in our Japanese relations by showing that the actual discrimination exists in the naturalization laws of the United States rather than in the California statute, and he indicates what is recognized by every competent student of these questions, namely, that we must work out a consistent and forward-looking policy concerning the immigration and naturalization of the eastern peoples, and that we must, by constitutional amendment if necessary, make it impossible for a state to nullify the treaty obligations of the federal government.

The Re-making of China (London, Constable & Company, Limited, 1914; 93 pp.), by Adolf S. Waley, sketches as briefly as the number of pages suggests the course of events in that country from 1889 to 1913, with a concluding chapter of prophetic generalities. The booklet is declared to be the "outcome of very close study." If so, the operation seems to have been confined to "several excellent works on China," with which the author disclaims any desire to compete!

Siberien in Kultur und Wirtschaft (Bonn, U. Marcus and E. Webers Verlag, 1916; vi, 86 pp.) by Kurt Wiedenfeld, is the third in a series of monographs edited under the title of *Moderne Wirtschaftsgestaltungen* by the author of the present treatise. As a sketch of the geographical, social, industrial and commercial conditions prevailing in the vast "land of Russia's future tasks," it is both informative and readable. The account it gives of the trade relations between Germany and Siberia before the war explains certain features of the shortage from which the former has been suffering, notably in regard to the importation of butter and fats.

Alice Stone Blackwell's *The Little Grandmother of the Russian Revolution* (Boston, Little, Brown and Company, 1917; 348 pp.) makes no pretension to being scientific history; but books such as this will furnish some of the most precious material of history when the historian becomes scientific enough to recognize that the spirit of man is a determining force in historical development, no less than his political ambition or his economic wants. Catherine Breshkovsky, who has well been called the greatest woman in the world, was able in 1913 to write from her exile's cabin in the frozen north of Siberia, "I myself have never experienced any disillusionment, for . . . I understand that the tendency of our nature towards good is a gift inseparable from the character of man." Thirty years an exile, yet not disillusioned, not broken in spirit, not driven into bitterness and hatred, even for those who persecuted her. It is a straightforward and unpretending story, not

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unlike that of thousands of others who faced exile and death cheerfully in the effort to educate the peasants and to spread the gospel of liberty among the people. From the time of her last arrest and imprisonment in 1909 up to her triumphal return to Petrograd as trusted counsellor of the liberal government last year, the account of her life and thought is given in her own words, mostly in letters to various American friends, written from her exile hut in Siberia. Simple great-heartedness, far-seeing and unshakable faith shine out in every line. "We are slow in our doings," she writes, ". . . but we are faithful to our ideal, which is brotherhood" (page 168). And again: "Literature never leaves so strong an impression upon me as human presences; . . . It is because humanity is my passion; and the women are my hope of seeing it some day perfected" (page 283); and finally, written in the busy days of the Revolution: "My greatest treasure is my infinite love for the people. . . . I may perhaps, be granted the use of a railroad car—I have no home—and travel from one end of Russia to the other to meet and speak to those who need our word and deed" (page 320). And so, when last heard from, this indefatigable woman, in her seventy-fourth year, was traveling up and down the country, teaching and helping the common people, as she had done whenever permitted, for half a century before. For a Russia that brings forth such leaders, who can despair?

A recent chapter in the history of government management of industry is related in the little book of Professor Mavor, of Toronto, on *Government Telephones, the Experience of Manitoba, Canada* (New York, Moffat, Yard and Company, 1916; viii, 176 pp.). The picture that Professor Mavor draws is so unfavorable that one cannot help suspecting that the colors have possibly been laid on a little too thick. His general conclusion is that "the management has been uneconomical, the enterprise has been handicapped by political intrigue, the finances have been unsoundly administered, and the obligations of the public have been enormously increased without adequate compensatory advantages." Professor Mavor also investigated the situation in Alberta and Saskatchewan, and he informs us in the preface that his conclusions as to public ownership were equally unfavorable there. One cannot help wondering as to how far Professor Mavor's well-known opposition to government control or management in general, as disclosed also in his introduction, has influenced his conclusions.

Mr. Frank Julian Warne, who has already written extensively on the subject of immigration, contributes in his book, *The Tide of Immigration* (New York, D. Appleton and Company, 1916; 388 pp.), an

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argument in behalf of the literacy test, which he upholds purely and simply as the most convenient practicable means of restriction. The book is semi-popular in its style and method, the various chapter headings carrying out the figure of the title. Mr. Warne gathers together the leading facts with regard to immigration and immigration legislation, and in his chapter on the effects of the European war argues strongly that we shall again have a heavy influx of foreigners after peace is made. He regards the attempt at distribution as essentially a failure, and hence argues for the restriction of numbers as the only means of preventing the immigrant from dragging down wages and the American standard of living. Even the reader who disagrees with Mr. Warne's thesis must appreciate the frankness and directness with which he has put the argument in behalf of the test now at last embodied in our immigration laws. It remains for us to discover in actual experience whether the results that Mr. Warne anticipates will flow from the adoption of that measure, and whether the condition of the American wage-earner will in consequence be improved as he expects.

The present commissioner of internal revenue, Hon. D. C. Roper, was first assistant postmaster general from 1913 to 1916. The information that he was able to obtain in that position, supplemented by independent investigations, has resulted in an interesting volume entitled *The United States Post Office, its past record, present condition, and potential relation to the new world era* (New York, Funk and Wagnalls Company, 1917; xvii, 362 pp.). Although the book is professedly a popular work, including a number of illustrations, it will be of interest to the student, not only because of its clear presentation of the actual postal operations, but chiefly because of the historical material which has been obtained from the study of the departmental and congressional records. It is much to be hoped, however, that if a new edition is called for, notes will be added containing references to the specific authorities, and that the bibliography will be revised by adding the dates of the books mentioned. This would add materially to the usefulness of the book.

Teachers of economics happily are learning that mere text-book study is an unsatisfactory method for beginners in their science; in consequence the compiling of source-books goes steadily on. An interesting attempt at what is almost a combination of text and source book is Edwin G. Nourse's *Agricultural Economics* (Chicago, University of Chicago Press, 1916; xxv, 896 pp.). Professor Nourse's readings are for the most part very short, and they are arranged according to an outline designed to make them provide the basis of a systematic

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course in the economics of agriculture, beginning with the inevitable chapter on agricultural development, then touching on consumption, taking up land, labor, "capital goods" and management, quite in accordance with the traditional classification, and then going on to accounting, markets and prices, transportation, land tenure, and distribution as it works out in present-day farming. A book of almost 900 large pages offers the possibility of treating many topics, and Professor Nourse has made his selections from a wide range of authors, from Cato down to the author of "Swat the Middleman." He has made considerable use of the valuable publications of the Department of Agriculture, and most of the economists who have written on topics related to agriculture are laid under contribution. It is a little hard to understand why such empty formulas as the classical statement of the law of diminishing returns should appear in a work of this character, but generally speaking, the work of selection seems to have been done with care and judgment and the book ought to prove useful to teachers of agricultural economics.

It is always of interest to professional economists and students of human society to read the analyses of social processes made by those who approach their task from the viewpoint of practical workers. Logan Grant McPherson in his *How The World Makes Its Living* (New York, The Century Company, 1916; vii, 435 pp.) supplies an analysis of this kind for economic students. Mr. McPherson is a practical railroad man who has contributed studies concerning rates and other aspects of the railroad problem. Hence the book here noted does not represent Mr. McPherson's first incursion into the field of authorship, although it constitutes perhaps the most ambitious of his undertakings. The ground which he covers is in general that made familiar in all treatises on economics, but his treatment is devoid of the usual technicalities. The book is intended as a practical interpretation for practical men. It starts with the "living" of plants and animals and concludes with a discussion of the relation of the government to industry and commerce and of the goal toward which economic society must strive. It indicates calm and orderly thinking, and while there are inevitable traces of bias there is an unmistakable and healthy emphasis on the social viewpoint.

The success achieved by Mr. Hartley Withers several years ago by his popular books on the *Meaning of Money* and *Stocks and Shares* has led him to turn out in rapid succession since the beginning of the war a series of interesting volumes on different aspects of war finance. In his *War and Lombard Street* (New York, E. P. Dutton and Com-

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pany, 1915; viii, 171 pp.), he gave a clear and excellent account of the conditions attending the moratorium at the outbreak of the war. In *International Finance* (New York, E. P. Dutton and Company, 1916; viii, 186 pp.), he dealt with the good and the bad side of the relation between finance and the war. In *Our Money and the State* (London, John Murray, 1917; viii, 122 pp.), he leaves the domain of description and enters upon the more thorny path of scientific analysis. Here, it must be said, he is not so successful as in the earlier books. The study is virtually a discussion of the relative merits of war loans and war taxes. He seems to have been largely influenced by the somewhat hasty pronouncements of a few American extremists. When a serious writer goes so far as to state, as he does on page 43, that "borrowing at home is a policy that is never justified on economic grounds," it is apparent that he has not begun to think the subject through. All the recent books of Mr. Withers confirm the impression that he is a pleasing rather than a profound writer, and that to compare him with Bagehot, as is occasionally done, is a great mistake.

There has accumulated in America a considerable literature on the subject of foreign exchange, which taken together with excellent treatises in English enable the student to get a pretty thorough ground-work in the principles of the subject. The war however has brought such extraordinary upheavals in foreign-exchange operations that a wealth of new example and illustrations is made available to present-day writers on the subject. A comparatively brief treatise by E. L. Stewart Patterson with the title *Domestic and Foreign Exchange* (New York, Alexander Hamilton Institute, 1917; xv, 298 pp.) makes good use of recent developments. The book was specially prepared for the peculiar kind of educational work that the Alexander Hamilton Institute does, and is naturally rather elementary in character. Yet it represents a happy combination of clear, even though simple, presentation of principles and apt illustration. The two chapters on domestic exchange hardly add anything to the book, but the chapters dealing with foreign exchange will be found useful and interesting to students and teachers of the subject.

Mr. A. Fingland Jack, lecturer in Economics at the University of Manchester, whose *Introduction to the History of Life Assurance* commanded favorable attention a few years ago, has now published a little book on *Fire Insurance and the Municipalities* (London, P. S. King and Son, Limited, 1914; xiii, 174 pp.). After giving some interesting historical details on the subject, Mr. Jack discusses the various municipal insurance schemes that have been put forward in several of

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the British towns and counties, and concludes that while each case must be considered on its own merits, the balance of the argument is in favor of municipal self-insurance. To American readers, the most valuable part of the monograph will be the description of what has actually been accomplished in the English municipalities in providing insurance protection.

Professor Adolf Weber of Cologne offers in one of the monographs of the Kölner Studien zum Staats- und Wirtschaftsleben a notable contribution to the theory of trade unionism entitled *Die Lohnbewegungen der Gewerkschaftsdemokratie: Ein antikritischer Beitrag zum Gewerkschaftsproblem* (Bonn, Marcus und Webers, 1914; 71 pp.). In Germany, as elsewhere, there has been lively discussion as to the possible economic results of trade-union activity. Dr. Weber, without being at all opposed to trade unions, takes a rather critical attitude and believes that, unless there is contemporaneously an increased productivity, the assumed advantages of trade unionism in bringing about a general increase in the rate of wages are illusory. While his views may not carry conviction, they are certainly worthy of attention as representing the results of close study.

The attention that has recently been given to the subject of business economics has brought to the forefront of discussion the relation of that topic to the general principles of economics. This subject is treated in five suggestive essays by Hans Schönitz, Gerhart von Schulze-Gaevernitz, Robert Liefmann, Paul Mombert and Heinrich Hoeniger in a work entitled *Der privatwirtschaftliche Gesichtspunkt in der Sozialökonomie und Jurisprudenz* (Mannheim, Bensheimer, 1914; viii, 212 pp.). The authors come to a reasonably unanimous agreement that the problems of business economics proper are simply a part of a larger whole; that the descriptive and technical parts of a curriculum of business supply only the raw material for a real discussion; and that the entire subject of private business is as susceptible of scientific treatment as that of economics in general. The volume is, on the whole, an indication of the correctness of the endeavor to keep our schools of business on a high plane. Business, like law, has its technical side; but the science of business, like jurisprudence, is a real university discipline.

Within the past few years Professor Kemmerer of Princeton University has published two articles in the scientific quarterlies on the subject of postal savings. He has now revised and expanded these articles into a booklet entitled *Postal Savings, a historical and critical study of the postal bank system of the United States* (Princeton, Princeton

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University Press, 1917; viii, 176 pp.). It is a scholarly and accurate account of a great reform. The author concludes that a more liberal use should be made of savings banks as depositories for postal savings funds. An appendix contains both the United States and the Philippine acts on the subject. Professor Kemmerer's work will be found useful to all who wish a knowledge of the subject.

The war-demand for men is naturally directing attention more than ever to population questions. This is especially true in France, where even in normal times population has been nearly stationary. It is not surprising, therefore, to find M. René Worms, editor of *La Revue Internationale de Sociologie*, devoting an entire volume to the subject *Natalité et Régime Successoral* (Paris, Librairie Payot et Compagnie, 1917; 220 pp.). In the main the book is a careful destructive criticism of Le Play's charge that the law of compulsory division of inheritances has greatly reduced the birth rate in France. The method is both *a priori* and by appeal to comparative statistics. The most important literature in the field from Montesquieu to the present time is reviewed. Various propositions for modifying inheritance laws in France are considered. The tone of the work is moderate and scholarly.

One of the Ratan Tata studies in a field already considerably exploited is *The Home Worker and Her Outlook* (London, G. Bell and Sons, Limited, 1916; xi, 118 pp.) by V. de Vesselitsky. This book reports the results of an inquiry during the years 1913 and 1914 covering 877 tailoresses and 330 box makers, and deals with the effect of the Trade Boards Act. Miss de Vesselitsky points out that it is much more difficult to enforce the minimum rates in the case of home workers than in that of factory operatives. The vagueness of the act in fixing rates for the "ordinary worker" makes it hard to apply it to home workers, a large proportion of whom do not fall within that category. The act has worked better in box making than in tailoring, partly because the tailoresses are in such fear of losing employment that they do nothing to help the enforcement of the act. After reviewing the difficulties of administration, Miss de Vesselitsky suggests the fixing of piece rates as an obligatory minimum whether paid to home worker or to sub-contractor.

We have had up to the present a number of books on the legal and technical sides only of the old-age pension legislation of Great Britain. A popular description, both interesting and scholarly, is now presented in the work of Mr. H. J. Hoare, clerk of the local pension sub-committee for Camberwell and Lewisham, entitled *Old Age Pensions; their actual working and ascertained results in the United Kingdom* (Lon-

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don, P. S. King and Son, Limited, 1915; xi, 196 pp.). Although the author makes some suggestions as to improvements in detail, his general position can be inferred from the statement that "the Acts of 1908 and 1911, have, on the whole, worked exceedingly well and smoothly and the authorities have worked together very conscientiously to make them a boon and a blessing to a very large section of the aged and deserving poor." Sir Laurence Gomme, who provides an introduction, congratulates the country upon the fact that the old-age pension scheme, while not perfect, has escaped the great danger, pointed out by Mr. Chaplin's committee, of associating old-age pensions with the poor law. "That would have been a crime."

The Physical Basis of Society (New York, D. Appleton and Company, 1916; xiii, 395 pp.), by Carl Kelsey, is a sociological work that is both varied and extensive; for in one way or another almost all important subjects investigated by the natural sciences in the heavens above or on the earth beneath or in the waters under the earth receive some attention. The otherwise bewildering mass of detailed facts and theories collected is nevertheless rendered coherent by a single principle of selection. Whatsoever things in the physical world directly affect the way in which society arises, develops and is modified are looked upon as relevant. Most emphasis is naturally given to biological questions. Evolution, heredity, race and sex differences, population growth, and the effects of these influences upon social institutions, are the subjects treated at most length. The author has made a sincere effort to make accessible in brief form the best modern thought within the field delimited. There is little attempt to present original views. The attitude toward controversial subjects is that of one who tries to see all sides impartially. Copious use of quotation marks is made. Exact references are frequent. Unfortunately the style, especially at the beginning of the book, is somewhat abrupt. In the first chapter, for example, it is not until one reaches the eighth paragraph that the controlling principle of the chapter is stated. Even then the unifying principle of both chapter and book—the reciprocal nature of the relationship between the physical environment and society—is lost in a mass of other matters almost as completely as is a noble thought in a popular magazine. The book contains no outline of a theory of society. It will in no way take the place of existing texts in sociology. It should prove, however, of great assistance in preparing students, especially those who have little knowledge of natural science, for the systematic study of the more difficult problems of social organization.

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Professors W. A. Oldfather, and H. V. Canter, in the monograph on *The Defeat of Varus and the German Frontier Policy of Augustus* (Urbana, University of Illinois, 1915; vi, 118 pp.), examine carefully and combat the traditional view that Arminius' victory over three Roman legions in the Teutoburg Forest was an epoch-making event which saved Germany from servitude to Rome and preserved her vigor for the creation of the "Franklins" of the Middle Ages. Instead of being a great "national" hero, who liberated Germany from the dominion of Rome imposed upon her by Drusus, Arminius was only a tribal chieftain who caught a careless Roman general in an unfavorable location and inflicted a humiliating defeat upon him. But, as the French historian Jullian remarks: "The time had not yet come for the defeat of the Roman Empire or the unity of Germany." First subjecting the ancient accounts of the battle by Cassius Dio, Velleius, Florus and Tacitus to a searching criticism which shows their confusion and their untrustworthiness, the authors proceed to a new interpretation of the policy of Augustus toward Germany, derived from his own words and supported by analogies derived from other parts of the empire. They maintain that Germany never was a Roman province and never was intended to be one by Augustus; that his operations to the east of the Rhine were only "demonstrations in force," like those on the Danube, to keep the barbarians who were contiguous to the empire in a chastened state of mind; that the loss of some 15,000 troops under Varus would have been a ridiculously small cause to deter a man of Augustus' power, with an army of hundreds of thousands, from conquering Germany, had he willed to do so; and that the German tribes were scarcely able, by combining all their forces in the region between the Rhine and the Elbe, to oppose an army of 60,000 to the thirty legions which Augustus might have sent against them. The authors express the rather humorous hope that the publication of their views destructive of a cherished German national tradition will not now be construed as an indication of anti-Teutonic animus.

Miss Susan Reed, in her study of *Church and State in Massachusetts* (Urbana, University of Illinois, 1914; 208 pp.), which deals with the relations of church and state in Massachusetts from the granting of the provincial charter by William III to the end of Walpole's administration, has brought out particularly the struggle of the old puritan hierarchy to maintain itself in the face of opposition from the "anarchistic" Quakers on one side and the "formalistic" Anglicans on the other, under a political régime enjoining religious toleration. Clinging to their puritan orthodoxy, the leaders in Massachusetts passed

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laws which restored as far as possible the ascendency of Congregationalism as it had existed in the days of their virtual self-government under the Stuarts. But these laws were resisted in the name of the liberty of conscience guaranteed by the new charter of 1691; and, besides, both Quakers and Anglicans had powerful friends in England who pushed their cause in Massachusetts. The English government, too, glad to embarrass a colonial assembly which ignored the navigation acts and treated royal governors with contumely, lent its moral support to the opponents of the puritan system. The Quakers, through the aid of the powerful "Society of Friends" in England, had more influence, says Miss Reed, than Anglicans (who were heartily supported only in Queen Anne's reign) in breaking down the ecclesiastical system in Massachusetts. But we must remember that it was not until a century after Walpole's day (1833) that the full disestablishment of the puritan church in Massachusetts was accomplised.

In a modest little volume entitled *The American Revolution in our School Text-Books* (New York, George H. Doran Company, 1917; xi, 168 pp.) Mr. Charles Altschul prints extracts from some ninety elementary texts of American history, which are or have been in use in our public schools, with a view to showing the character of their treatment of events and conditions during the critical period antecedent to the revolt of the colonies. Mr. Altschul, who is a business man and not a historian, was led to make this investigation because of his interest in accounting for the absence of genuine and spontaneous popular sympathy in the United States with Great Britain during the first two and a half years of the present war. He suspected that the explanation was to be found in the impressions of England gained by American children in their early school days from the story of the Revolution as presented in the elementary text-books. From his inquiry he concludes that the great majority of texts in use twenty years ago or more, gave "a very incomplete picture of general political conditions in England prior to the American Revolution," and failed to make clear that prominent Englishmen exerted themselves in behalf of the colonies; the text-books now in use, he finds, are superior in these respects, "but the improvement is by no means sufficiently marked to prevent continued growth of unfounded prejudice against England." Mr. Altschul's study suggests the larger theme of the relation of historical interpretation to public opinion, a subject which deserves more attention than it has yet received.

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